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2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK
4 CASE NO.: 08 CIV 5646

5 -----x
6 JOHN L. EDMONDS, Individually and as a
7 managing general partner of FIFTH AND 106TH
8 STREET HOUSING COMPANY, INC., LOGAN PLAZA
9 ASSOCIATES, LP, CHARLES H. ASSOCIATES a/k/a
10 CHARLES H. HILL ASSOCIATES, LP and as a
11 limited partner of CHURCH HOME ASSOCIATES, LP,

12 Plaintiffs,

13 -against-

14 ROBERT W. SEAVEY, Individually and as a general
15 partner of FIFTH AND 106TH STREET ASSOCIATES, LP,
16 LOGAN PLAZA ASSOCIATES, LP, CHARLES HILL
17 ASSOCIATES, CHARLES HILL ASSOCIATES, LP and as a
18 limited partner of CHURCH HOME ASSOCIATES, LP;
19 PHYLLIS M. SEAVEY, individually and as owner,
20 manager and member of DALTON MANAGEMENT and
21 member of DALTON MANAGEMENT COMPANY, LLC; AVERY
22 B. SEAVEY, individually and as a general partner
23 of LOGAN PLAZA ASSOCIATES, LP, CHURCH HOME
24 ASSOCIATES and owner of DALTON MANAGEMENT
25 COMPANY, LLC; NEALE B. SEAVEY, individually and
as owner, manager and member of DALTON MANAGEMENT
COMPANY, LLC; and RONALD DAWLEY as chief
executive officer of DALTON MANAGEMENT COMPANY,
LLC; DALTON MANAGEMENT COMPANY, LLC, THE SEAVEY
ORGANIZATION, and MARK PANETH & SHRON, Auditors,

26 Defendants.

27 -----x
28 DEPOSITION of JOHN EDWARDS
29 APRIL 17, 2009

<p style="text-align: right;">2</p> <p>1</p> <p>2</p> <p>3 DEPOSITION of JOHN EDWARDS,</p> <p>4 taken by Defendants, held at the offices of</p> <p>5 Herrick, Feinstein, LLP, 2 Park Avenue, New York,</p> <p>6 New York, on April 17, 2009, commencing at</p> <p>7 10:00 a.m., before Eileen Mulvenna, CSR/RMR,</p> <p>8 Certified Shorthand Reporter, Registered Merit</p> <p>9 Reporter and Notary Public of the State of New</p> <p>10 York.</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">4</p> <p>1</p> <p>2 IT IS HEREBY STIPULATED AND AGREED,</p> <p>3 by and between the attorneys for the respective</p> <p>4 parties herein, that filing and sealing be and</p> <p>5 the same are hereby waived.</p> <p>6</p> <p>7 IT IS FURTHER STIPULATED AND AGREED</p> <p>8 that all objections, except as to the form of the</p> <p>9 question, shall be reserved to the time</p> <p>10 of the trial.</p> <p>11</p> <p>12 IT IS FURTHER STIPULATED AND AGREED</p> <p>13 that the within deposition may be signed and</p> <p>14 sworn to before any officer authorized to</p> <p>15 administer an oath, with the same force and</p> <p>16 effect as if signed and sworn to before the</p> <p>17 officer before whom the within deposition was</p> <p>18 taken.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">3</p> <p>1</p> <p>2 APPEARANCES:</p> <p>3</p> <p>4</p> <p>5 M. DOUGLAS HAYWOODE, ESQ</p> <p>6 Attorneys for Plaintiff</p> <p>7 71 Maple Street</p> <p>8 Kings Chancellery</p> <p>9 Brooklyn, New York 11225-5001</p> <p>10 BY: HERRICK, FEINSTEIN, LLP, ESQ.</p> <p>11</p> <p>12 HERRICK FEINSTEIN, LLP</p> <p>13 Attorneys for Defendants Seavey, et al.</p> <p>14 2 Park Avenue</p> <p>15 New York, New York 10016</p> <p>16 BY: M. DARREN TRAUB, ESQ.</p> <p>17 dtraub@herrick.com</p> <p>18</p> <p>19</p> <p>20 WILSON ELSEER MOSKOWITZ EDELMAN & DICKER, LLP</p> <p>21 Attorneys for Defendant Mark Paneth & Shron</p> <p>22 3 Gannett Drive</p> <p>23 White Plains, New York 10604-3407</p> <p>24 BY: WILLIAM J. KELLY, ESQ.</p> <p>25 william.kelly@wilsonelser.com</p> <p>ALSO PRESENT:</p> <p>Robert Seavey</p> <p>Phyllis Seavey</p>	<p style="text-align: right;">5</p> <p>1 John Edmonds</p> <p>2 JOHN EDMONDS,</p> <p>3 having been duly sworn by Eileen Mulvenna,</p> <p>4 a Notary Public of the State of New York,</p> <p>5 was examined and testified as follows:</p> <p>6 EXAMINATION</p> <p>7 BY MR. TRAUB:</p> <p>8 Q. State your name and address for the</p> <p>9 record, please.</p> <p>10 A. John L. Edmonds, E-D-M-O-N-D-S,</p> <p>11 187-20 Grand Central Parkway, Jamaica, New York.</p> <p>12 11432 is the zip.</p> <p>13 MR. TRAUB: This deposition is being</p> <p>14 taken pursuant to notice and agreement of</p> <p>15 counsel and will be used for the purpose of</p> <p>16 cross-examination at trial and all other</p> <p>17 uses in accordance with the Federal Rules</p> <p>18 of Civil Procedure.</p> <p>19 BY MR. TRAUB:</p> <p>20 Q. Mr. Edmonds, good morning.</p> <p>21 A. Good morning.</p> <p>22 Q. We've met several times.</p> <p>23 A. That's correct.</p> <p>24 Q. It's nice to see you again.</p> <p>25 I just want to let you know, I know</p>

2 (Pages 2 to 5)

<p>6</p> <p>1 John Edmonds</p> <p>2 you've had your deposition taken before and I'm</p> <p>3 sure you've even taken a few depositions. This</p> <p>4 will be similar to any deposition that you've</p> <p>5 seen or that you've taken in that we have a court</p> <p>6 reporter here.</p> <p>7 And, obviously, she can only take</p> <p>8 down what is stated orally. So what I would ask</p> <p>9 is that you allow me to ask my questions to you</p> <p>10 and let me finish. And then a response, if you</p> <p>11 could give an oral answer. Obviously, a head nod</p> <p>12 yes or a head nod no can't be taken down.</p> <p>13 And I'll give you the same courtesy</p> <p>14 of allowing you to finish your complete answer</p> <p>15 before talking back over so that the court</p> <p>16 reporter doesn't have us talking over each other.</p> <p>17 A. Very good.</p> <p>18 Q. Also, if you need a break at any</p> <p>19 time, obviously, please feel free to do so. I</p> <p>20 just ask that you allow me to finish any question</p> <p>21 that's pending and for you to give a complete</p> <p>22 answer to any pending question before we take</p> <p>23 such a break.</p> <p>24 A. Very good.</p> <p>25 Q. We do have coffee and water behind</p>	<p>8</p> <p>1 John Edmonds</p> <p>2 With the investment in the city of</p> <p>3 Newark, New Jersey, can you describe for me the</p> <p>4 actual property.</p> <p>5 A. Yes. The property was located</p> <p>6 almost against Elizabeth, New Jersey. The back</p> <p>7 end of the property ends up in Elizabeth. It was</p> <p>8 across the street from a public golf facility</p> <p>9 there for the people that live in that community.</p> <p>10 It's quite a nice community.</p> <p>11 Q. Was it a vacant piece of property?</p> <p>12 A. Yes, it was.</p> <p>13 Q. Who was your partner, if any, in</p> <p>14 that investment, that city of Newark?</p> <p>15 MR. HAYWOODE: Object to the</p> <p>16 relevance.</p> <p>17 Now the witness may answer.</p> <p>18 A. I had an arrangement with three or</p> <p>19 four people. Rod Shaw, who is an engineer of</p> <p>20 some 30 or 40 years. I've forgotten this</p> <p>21 fellow's name now, but at any rate, the</p> <p>22 arrangement was a very elemental one. It was a</p> <p>23 part of the kind of thing that I do frequently,</p> <p>24 and that is to say that I involve them to the</p> <p>25 extent that they were partners, and they each got</p>
<p>7</p> <p>1 John Edmonds</p> <p>2 you as well, so if at any time, please turn</p> <p>3 around and help yourself.</p> <p>4 Can you describe for me all of your</p> <p>5 real estate investments that you currently have.</p> <p>6 A. Fifth and 106th Street.</p> <p>7 Q. And that's the one that's in this</p> <p>8 deposition -- or that's in this case known as</p> <p>9 Lakeview?</p> <p>10 A. Lakeview.</p> <p>11 Charles Hill. Church Home. And</p> <p>12 Logan Plaza. I think they comprise perhaps 952</p> <p>13 units.</p> <p>14 Q. Are there any other real estate</p> <p>15 investments that you're currently in other than</p> <p>16 the four partnerships at issue in this action?</p> <p>17 A. Not at the present time.</p> <p>18 Q. In the past ten years, have you been</p> <p>19 involved in any other real estate investments?</p> <p>20 A. Yes, I have.</p> <p>21 Q. In which real estate investments</p> <p>22 were those?</p> <p>23 A. Those were investments in the city</p> <p>24 of Newark, New Jersey.</p> <p>25 Q. We'll take these one at a time.</p>	<p>9</p> <p>1 John Edmonds</p> <p>2 a percentage of the amounts to be made.</p> <p>3 Q. Were you the managing general</p> <p>4 partner?</p> <p>5 A. Managing general partner, that's</p> <p>6 correct.</p> <p>7 Q. And what percentage ownership did</p> <p>8 you have in that partnership?</p> <p>9 A. I believe I kept somewhere between</p> <p>10 68 and 75 percent.</p> <p>11 Q. And the other remaining 32 to</p> <p>12 25 percent was split between the other three</p> <p>13 partners?</p> <p>14 A. Yes, that's correct. And of course,</p> <p>15 the budget included a fee for Rod Shaw because he</p> <p>16 was the person to be on the site to assist in the</p> <p>17 management of that project.</p> <p>18 Q. What did the project actually</p> <p>19 consist of?</p> <p>20 A. It consisted of -- I believe it was</p> <p>21 116 units of housing under a HUD program that</p> <p>22 would have given the public housing residents an</p> <p>23 opportunity to own their own unit in a</p> <p>24 condominium fashion.</p> <p>25 Q. I guess I'm a little confused.</p>

3 (Pages 6 to 9)

<p style="text-align: right;">10</p> <p>1 John Edmonds</p> <p>2 Because earlier when I asked, you said it was a</p> <p>3 vacant piece of land.</p> <p>4 A. It was vacant as of the time that we</p> <p>5 started the construction, yes.</p> <p>6 Q. And then you actually built a</p> <p>7 116-family apartment building --</p> <p>8 A. We finished -- we finished</p> <p>9 two-thirds of the project.</p> <p>10 Q. And then what happened with the</p> <p>11 project?</p> <p>12 A. The City of Newark called me in,</p> <p>13 Harold Lucas, who was then the executive director</p> <p>14 of the Newark Housing Authority and had been, in</p> <p>15 the Clinton administration, the deputy assistant</p> <p>16 commissioner for public housing. And in that</p> <p>17 role, he made certain that his old city would get</p> <p>18 a good part of those funds, and they did.</p> <p>19 Q. So did you sell the property then to</p> <p>20 the City of Newark; is that --</p> <p>21 A. I was put off the property. What</p> <p>22 happened was that I had a state senator there who</p> <p>23 was a partner of the contractor, the builder,</p> <p>24 that was a local builder there on the site. And</p> <p>25 he was a vice president of -- the contractor's</p>	<p style="text-align: right;">12</p> <p>1 John Edmonds</p> <p>2 When you say "the Edmonds group,"</p> <p>3 you're talking about yourself and your three</p> <p>4 partners; is that correct?</p> <p>5 A. Yes.</p> <p>6 Q. Was it taken from you through a</p> <p>7 condemnation?</p> <p>8 A. No.</p> <p>9 Q. Was there --</p> <p>10 A. By a direction of the mayor of the</p> <p>11 City of Newark.</p> <p>12 Q. So there was no lawsuit?</p> <p>13 A. No lawsuit.</p> <p>14 Q. Did you get paid for --</p> <p>15 A. I got paid for the percentage of</p> <p>16 completion, yes. And I'll tell you that I had</p> <p>17 several meetings with the board of the Housing</p> <p>18 Authority, which consisted mainly of tenants,</p> <p>19 their counsel, the executive director and this</p> <p>20 state senator, who represented the mayor at the</p> <p>21 meetings, and --</p> <p>22 Q. Not to interrupt you.</p> <p>23 Is this the City of Newark Housing</p> <p>24 Authority? Is that --</p> <p>25 A. Yes, the City of Newark Housing</p>
<p style="text-align: right;">11</p> <p>1 John Edmonds</p> <p>2 name was Tony Gomes. He was a vice president of</p> <p>3 Tony Gomes' construction company, a state senator</p> <p>4 and a deputy mayor, I believe.</p> <p>5 And they called me in on an occasion</p> <p>6 before their board and indicated to me that they</p> <p>7 desired to have Mr. Gomes complete the project</p> <p>8 without the further participation of the Edmonds</p> <p>9 group. And incidentally, I had Phyllis over</p> <p>10 there on one occasion to discuss --</p> <p>11 MR. HAYWOODE: Indicating</p> <p>12 Mrs. Seavey, who is with us today.</p> <p>13 A. -- to discuss the management</p> <p>14 capability of her company, Dalton Management.</p> <p>15 And that was for the reason that if the place was</p> <p>16 to become a condominium for the tenants, then</p> <p>17 they would have to have a managing agent there.</p> <p>18 Q. So that you were considering then</p> <p>19 Dalton Management as a management group for this</p> <p>20 project?</p> <p>21 A. That's correct.</p> <p>22 Q. You said that the Edmonds group</p> <p>23 was -- believe me, I apologize if I get the term</p> <p>24 wrong -- was put out of the project by the City</p> <p>25 of Newark.</p>	<p style="text-align: right;">13</p> <p>1 John Edmonds</p> <p>2 Authority.</p> <p>3 And the first meeting I had with</p> <p>4 them, they asked me what was the total amount of</p> <p>5 completion of the project. And I indicated to</p> <p>6 them that it was about three-quarters completed,</p> <p>7 two-thirds to three-quarters. And they asked me</p> <p>8 how much of a fee I was expecting. And I told</p> <p>9 them \$1.4 million, which would be the fee that we</p> <p>10 had -- that I earned for three-quarters of</p> <p>11 completion.</p> <p>12 Q. At that time, were there any tenants</p> <p>13 that were in the property?</p> <p>14 A. As far as I can recall, no, no</p> <p>15 tenants at that time, because it was not</p> <p>16 completed.</p> <p>17 Q. Okay. So this isn't a project that</p> <p>18 was completed in phases; in other words, there</p> <p>19 was one building completed, tenants moved in. It</p> <p>20 was supposed to all be completed before tenants</p> <p>21 moved in?</p> <p>22 A. That's correct.</p> <p>23 Q. Okay.</p> <p>24 A. And after having a couple of</p> <p>25 meetings with them, they told me that they could</p>

4 (Pages 10 to 13)

<p style="text-align: right;">14</p> <p>1 John Edmonds</p> <p>2 only pay \$1.2 million for the services of the</p> <p>3 Edmonds group. And so I recognized that I was in</p> <p>4 a very difficult position, with the mayor opposed</p> <p>5 to me and so forth and so on, so I accepted that</p> <p>6 and we left the job.</p> <p>7 Q. You said that you were expecting</p> <p>8 around about \$1.4 million for the project. Was</p> <p>9 this the fee that you would obtain if you had</p> <p>10 sold the project upon completion?</p> <p>11 A. No, I think we were looking for a</p> <p>12 fee of approximately \$2 million.</p> <p>13 Q. Is that for selling the project upon</p> <p>14 completion?</p> <p>15 A. Yes, that's correct.</p> <p>16 Q. So you never planned to actually run</p> <p>17 this project, then?</p> <p>18 A. No. I -- I was looking really at</p> <p>19 that time as to whether or not Dalton Management</p> <p>20 Company could -- could be the manager of that</p> <p>21 project once it was completed.</p> <p>22 Q. When you say "at that time," about</p> <p>23 what year were you considering Dalton Management</p> <p>24 Company to be the management company of --</p> <p>25 A. I think this began in 1996, I</p>	<p style="text-align: right;">16</p> <p>1 John Edmonds</p> <p>2 I had to hire the wrong group of lawyers.</p> <p>3 And so the judge told me, on an</p> <p>4 examination that was being conducted by myself</p> <p>5 and the lawyer that I had retained on Benny</p> <p>6 Thompson, that Benny Thompson committed some</p> <p>7 perjury statements. And the judge says, Well, I</p> <p>8 think that Mr. Thompson is senile. So,</p> <p>9 Mr. Edmonds, I don't think I will permit this to</p> <p>10 go further. I'm going to award the lawyers here</p> <p>11 their fees and that should end this litigation.</p> <p>12 Q. When you say "an examination," is</p> <p>13 this a cross-examination at trial or was this an</p> <p>14 examination before trial?</p> <p>15 A. Cross-examination at trial.</p> <p>16 Q. And so then at the end of the trial,</p> <p>17 the judge dismissed your lawsuit; is that</p> <p>18 correct?</p> <p>19 A. That's correct.</p> <p>20 Q. Are there any other properties that</p> <p>21 you have owned other than in the last ten years,</p> <p>22 other than the five real estate projects you've</p> <p>23 named so far?</p> <p>24 A. Yes, I made -- I made an approach to</p> <p>25 the -- to the housing authority in North</p>
<p style="text-align: right;">15</p> <p>1 John Edmonds</p> <p>2 believe. And I finally finished with them I</p> <p>3 think in 2002, from the point of the lawsuit and</p> <p>4 so forth and so on. Because I brought a lawsuit</p> <p>5 in the Superior Court in Newark, New Jersey.</p> <p>6 Q. Against the City of Newark?</p> <p>7 A. Yes, against the City of Newark and</p> <p>8 against also the young man that I had selected to</p> <p>9 be an architect. His name was Ben Thompson, I</p> <p>10 believe. Benny Thompson.</p> <p>11 Q. You were the plaintiff in that</p> <p>12 lawsuit?</p> <p>13 A. Yes.</p> <p>14 Q. And at what point did you sell,</p> <p>15 finally for \$1.2 million, the property to the</p> <p>16 City of Newark?</p> <p>17 A. I guess it must have been about</p> <p>18 2000, about then.</p> <p>19 Q. What was the outcome of the lawsuit</p> <p>20 that you had filed?</p> <p>21 A. The outcome was that the judge -- I</p> <p>22 realized, after I had retained these attorneys,</p> <p>23 et cetera, that this was a part of a relationship</p> <p>24 between the courts and these lawyers and so forth</p> <p>25 and so on, they had good political contact, that</p>	<p style="text-align: right;">17</p> <p>1 John Edmonds</p> <p>2 Carolina, to -- I can't think of the name of that</p> <p>3 city now.</p> <p>4 MR. HAYWOODE: Durham?</p> <p>5 THE WITNESS: Durham, North</p> <p>6 Carolina, that's correct.</p> <p>7 A. And the approach was similar to the</p> <p>8 one that I had used in Newark where -- this</p> <p>9 acreage that I had there, about 15 acres, which</p> <p>10 was very close to a school, North Carolina</p> <p>11 College, was that this site could be used for</p> <p>12 students, graduate students, et cetera.</p> <p>13 And we were going to build type of</p> <p>14 housing that was beginning to be very popular</p> <p>15 down there, three-story buildings. Something</p> <p>16 that Seavey and I did in the last job we did</p> <p>17 here, that type, which was the -- we did a job</p> <p>18 here for the -- for the Harlem River Development</p> <p>19 Corporation on Eighth Avenue, 138th Street.</p> <p>20 Q. Not to interrupt you, but when you</p> <p>21 say "we," who is the we --</p> <p>22 A. I'm talking about Bob and I --</p> <p>23 Q. I'm talking about the one in Durham,</p> <p>24 North Carolina.</p> <p>25 A. I owned the site. I brought my team</p>

5 (Pages 14 to 17)

<p style="text-align: right;">18</p> <p>1 John Edmonds</p> <p>2 down. Team consisted of Hal Harris, young</p> <p>3 engineer by the name of Phil -- Philip Zerbrisky</p> <p>4 [ph], of course, Rod Shaw and myself. And we</p> <p>5 made this proposal.</p> <p>6 And once again, it was one of those</p> <p>7 situations in which the board consisted of the</p> <p>8 presidents of the public housing authority. And</p> <p>9 they had the executive director and counsel. And</p> <p>10 the lawyer there was a gentleman by the name of</p> <p>11 Banks, again, very involved in the politics of</p> <p>12 Durham.</p> <p>13 Q. Whose lawyer was Banks? For the</p> <p>14 City?</p> <p>15 A. For the City.</p> <p>16 Q. And going back a step further, you</p> <p>17 had described it was yourself, Hal Harris, Philip</p> <p>18 Zerbrisky and Rod Shaw. Were you the managing</p> <p>19 general partner of this property as well?</p> <p>20 A. Yes.</p> <p>21 Q. What was your ownership interest?</p> <p>22 A. Probably about the same. I made the</p> <p>23 same arrangement I attempted to arrange in</p> <p>24 Newark, New Jersey.</p> <p>25 Q. About 68 to 75 percent?</p>	<p style="text-align: right;">20</p> <p>1 John Edmonds</p> <p>2 for his daughter and to go on vacations,</p> <p>3 et cetera, with federal funds. And that's the</p> <p>4 reason they were fired.</p> <p>5 Now, when I appeared in court, I</p> <p>6 indicated to the judge that I was not a member of</p> <p>7 the North Carolina bar. And he asked me whether</p> <p>8 I intended to request of him a special permission</p> <p>9 to appear. And I told him no.</p> <p>10 Q. Was that a pro hac vice application?</p> <p>11 A. Yes, it would have been.</p> <p>12 Q. I guess I'm a little bit lost. When</p> <p>13 you say you appeared in front of the judge, was</p> <p>14 there a lawsuit involved?</p> <p>15 A. Yes, there was a lawsuit that I</p> <p>16 brought, I think I brought this lawsuit, in order</p> <p>17 that I might be able to go forward and do the</p> <p>18 development in accordance with my original plan.</p> <p>19 Q. Who did you sue in this lawsuit?</p> <p>20 A. The housing authority there in</p> <p>21 Durham.</p> <p>22 Q. Were there any other defendants</p> <p>23 other than the housing authority?</p> <p>24 A. I think that the individuals -- the</p> <p>25 executive director was I believe one of the</p>
<p style="text-align: right;">19</p> <p>1 John Edmonds</p> <p>2 A. Yes.</p> <p>3 Q. Did you actually end up acquiring</p> <p>4 any property with respect to this partnership?</p> <p>5 A. No. What occurred was that the</p> <p>6 executive director and counsel had formed a</p> <p>7 not-for-profit. And that not-for-profit was to</p> <p>8 be their development arm. And they were using</p> <p>9 this as a way of siphoning the federal funds off</p> <p>10 of the project. And what happened was that the</p> <p>11 feds came in, federal -- FHA's office was in</p> <p>12 Greensboro, and fired all of them.</p> <p>13 Q. When you say "all of them," you're</p> <p>14 talking about the City housing --</p> <p>15 A. Yes, the --</p> <p>16 Q. -- development?</p> <p>17 A. -- the executive director, he fired</p> <p>18 them -- fired the executive director and he fired</p> <p>19 the deputy executive director, a female, who was</p> <p>20 an architect.</p> <p>21 Q. Fired them from their job or fired</p> <p>22 them off of this project?</p> <p>23 A. Fired them from their job.</p> <p>24 Apparently the executive director</p> <p>25 had used some of the funds to buy a diamond ring</p>	<p style="text-align: right;">21</p> <p>1 John Edmonds</p> <p>2 defendants, yeah.</p> <p>3 Q. In what year was this lawsuit filed</p> <p>4 in?</p> <p>5 A. It must have been in about 2000,</p> <p>6 2002. I don't recall the exact time.</p> <p>7 Q. And that was in state court of North</p> <p>8 Carolina?</p> <p>9 A. Yes, Durham, North Carolina.</p> <p>10 MR. HAYWOODE: Darren, note my</p> <p>11 continuing objection to this entire line of</p> <p>12 questioning as to its relevancy.</p> <p>13 The witness may answer.</p> <p>14 Q. And what was the outcome of that</p> <p>15 lawsuit?</p> <p>16 A. The City -- I mean, the court</p> <p>17 dismissed my lawsuit because he said that -- the</p> <p>18 judge said that the Edmonds group was an LLC and,</p> <p>19 as such, was required to have local counsel to</p> <p>20 represent them. And I had enough of the</p> <p>21 relationships between local counsel and the --</p> <p>22 and the courts in these states and so I didn't go</p> <p>23 forward.</p> <p>24 Q. Had you tried to obtain local</p> <p>25 counsel for that lawsuit?</p>

6 (Pages 18 to 21)

<p style="text-align: right;">22</p> <p>1 John Edmonds</p> <p>2 A. No.</p> <p>3 Q. Are there any other real estate</p> <p>4 investments that you've owned in the last ten</p> <p>5 years?</p> <p>6 A. No, none. Just this year I started</p> <p>7 a negotiation with the housing authority of North</p> <p>8 Charleston, South Carolina. Again the same</p> <p>9 approach. It is a proposal to build</p> <p>10 condominium-type apartments for public housing</p> <p>11 residents.</p> <p>12 Q. Going back real quick to the Durham,</p> <p>13 North Carolina project that you were considering,</p> <p>14 had you discussed this project with Dalton</p> <p>15 Management Company?</p> <p>16 A. I don't think I did, no.</p> <p>17 Q. Who are your partners in the North</p> <p>18 Charleston, South Carolina matters, if anyone?</p> <p>19 A. I was going to use, obviously, Rog</p> <p>20 and myself. And I was going to bring in my CPA,</p> <p>21 who's actually in Greensboro, North Carolina,</p> <p>22 Rudolph Clark, to be on the spot and be able to</p> <p>23 keep up with things for me.</p> <p>24 Q. Is that your personal CPA?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">24</p> <p>1 John Edmonds</p> <p>2 Management Company and Bob Seavey.</p> <p>3 Q. What about in the last ten years;</p> <p>4 did you have any other non-real estate</p> <p>5 investments?</p> <p>6 MR. HAYWOODE: Objection to the</p> <p>7 relevance.</p> <p>8 The witness may answer.</p> <p>9 A. I can't think of any.</p> <p>10 Q. Were you involved with a radio</p> <p>11 station?</p> <p>12 A. Oh, with -- yes, with -- Inner City</p> <p>13 Broadcasting.</p> <p>14 Q. Inner City Broadcasting?</p> <p>15 A. Yes. I was vice chairman and then</p> <p>16 general counsel, and then I ended up suing the</p> <p>17 company.</p> <p>18 Q. Did you have partners -- let me ask,</p> <p>19 was Inner City Broadcasting a partnership or --</p> <p>20 A. No, that's a corporation controlled</p> <p>21 by Percy Sutton.</p> <p>22 Q. Was he the majority shareholder in</p> <p>23 that corporation?</p> <p>24 A. Well, what Percy did was to form</p> <p>25 another LLC, transferred all the assets from the</p>
<p style="text-align: right;">23</p> <p>1 John Edmonds</p> <p>2 Q. Or a corporate CPA?</p> <p>3 A. A personal CPA.</p> <p>4 Q. Had you established a partnership or</p> <p>5 LLC or any other entity with regard to this North</p> <p>6 Charleston, South Carolina --</p> <p>7 A. No, I had not. I realized, after</p> <p>8 having a discussion with the lawyer who called me</p> <p>9 from -- on two or three occasions, that I might</p> <p>10 be stepping into the same kind of situation that</p> <p>11 I was in before. And so I just indicated to this</p> <p>12 lawyer that I didn't think that we wanted to go</p> <p>13 forward.</p> <p>14 Q. Is that currently moving forward?</p> <p>15 A. No, it is not going forward now.</p> <p>16 Q. Is that it then for your real estate</p> <p>17 investments in the last ten years?</p> <p>18 A. Yes.</p> <p>19 Q. Other than stocks, bonds, mutual</p> <p>20 funds, secured instruments, CDs, bank accounts,</p> <p>21 do you have any non-real estate investments that</p> <p>22 you're involved in currently?</p> <p>23 A. The only investments that I would</p> <p>24 have would have been -- would be the investments</p> <p>25 that are managed and controlled by Dalton</p>	<p style="text-align: right;">25</p> <p>1 John Edmonds</p> <p>2 original corporation to that LLC, and made his</p> <p>3 son the chairman of the new LLC, and had -- had</p> <p>4 the board -- basically people identified with</p> <p>5 Percy in the political circle in Harlem had the</p> <p>6 board to approve that.</p> <p>7 And I objected to this. And many of</p> <p>8 the members on the board would tell me after</p> <p>9 meetings that they agreed with me, that I was</p> <p>10 right and so forth and so on; but none of them,</p> <p>11 except one, the president, a young man by the</p> <p>12 name of David Lantell, was willing to join me in</p> <p>13 my lawsuit.</p> <p>14 Q. How many members of the board were</p> <p>15 there?</p> <p>16 A. I don't recall, but there were some</p> <p>17 rather prominent people there. Hal Jackson was a</p> <p>18 vice chairman and -- Hal must be a hundred years</p> <p>19 old today, but he still works -- he has, I think,</p> <p>20 a Sunday morning jazz program on BLS.</p> <p>21 Q. Would you say there's more than five</p> <p>22 members on the board?</p> <p>23 A. Yes.</p> <p>24 Q. More than ten?</p> <p>25 A. I think -- yes, more than ten at</p>

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<p style="text-align: right;">26</p> <p>1 John Edmonds</p> <p>2 that time.</p> <p>3 And also John Procope was on that</p> <p>4 board. He's now deceased. And John was back and</p> <p>5 forth. First he was going to join me and then he</p> <p>6 didn't. Then he was trying to make some</p> <p>7 arrangement with me, he and Carl McCall, that</p> <p>8 would bring us together, that is to be able to</p> <p>9 negotiate with Percy.</p> <p>10 And what happened was, I realized</p> <p>11 after we had several meetings that these guys</p> <p>12 didn't intend to force a return of the corporate</p> <p>13 assets to the corporation, but they just wanted</p> <p>14 to see whether or not they could make some</p> <p>15 arrangement that would satisfy me and satisfy</p> <p>16 Sutton.</p> <p>17 Q. What was your ownership interest in</p> <p>18 the Inner City Broadcasting?</p> <p>19 A. I would say -- I think I owned</p> <p>20 somewhere between maybe -- maybe 20 percent. I</p> <p>21 don't remember the interest.</p> <p>22 Q. Were you the sole plaintiff in your</p> <p>23 lawsuit?</p> <p>24 A. No.</p> <p>25 Q. Who was --</p>	<p style="text-align: right;">28</p> <p>1 John Edmonds</p> <p>2 LLC that Sutton had formed, and left the -- the</p> <p>3 original company a shell company.</p> <p>4 Q. Was that lawsuit filed in state</p> <p>5 court or federal court?</p> <p>6 A. State court, state Supreme Court</p> <p>7 here in New York County.</p> <p>8 Q. When was that lawsuit filed?</p> <p>9 A. I think that was in '95 or '96.</p> <p>10 Q. What was the outcome of that</p> <p>11 lawsuit?</p> <p>12 A. We won an award from the court based</p> <p>13 upon an offer made by Sutton after Pepe, his son,</p> <p>14 had obviously committed perjury in his testimony.</p> <p>15 Q. When you say "his testimony," at a</p> <p>16 lawsuit or in a deposition?</p> <p>17 A. At the lawsuit, during</p> <p>18 cross-examination.</p> <p>19 Q. So it actually went to trial then?</p> <p>20 A. Yes, it did.</p> <p>21 Q. And when you said during an offer,</p> <p>22 was it a settlement that was approved by the</p> <p>23 court?</p> <p>24 A. Yes.</p> <p>25 Q. So it wasn't an actual verdict then?</p>
<p style="text-align: right;">27</p> <p>1 John Edmonds</p> <p>2 A. I was joined by the young man who</p> <p>3 was then the president, David Lantell. We ended</p> <p>4 up with 18 percent of the ownership in this</p> <p>5 lawsuit.</p> <p>6 Q. Combined between the two of you?</p> <p>7 A. Combined between the two of us.</p> <p>8 Q. Who are the defendants in that</p> <p>9 lawsuit?</p> <p>10 A. Sutton and his son. And I may have</p> <p>11 named a couple of the other members. I think</p> <p>12 Dr. Watkins. It was -- he was a very well-known</p> <p>13 physician, medical person here in the Harlem</p> <p>14 community.</p> <p>15 Q. Was he another member of the board?</p> <p>16 A. Yes, he was.</p> <p>17 Q. Were you represented by counsel in</p> <p>18 that lawsuit, or did you file that lawsuit on</p> <p>19 your own?</p> <p>20 A. I was represented by counsel.</p> <p>21 Q. What was the basis of that lawsuit?</p> <p>22 A. The basis of the lawsuit was the</p> <p>23 assets owned by the Inner City Broadcasting</p> <p>24 Corporation had been transferred, that is all of</p> <p>25 the properties, et cetera, to this newly created</p>	<p style="text-align: right;">29</p> <p>1 John Edmonds</p> <p>2 A. No.</p> <p>3 Q. It was --</p> <p>4 A. No.</p> <p>5 Q. It was a settlement --</p> <p>6 A. Yes.</p> <p>7 Q. -- approved by the court?</p> <p>8 A. Yes, it was. What happened was that</p> <p>9 the judge asked me what would be the value of</p> <p>10 your interest at this time in the corporation.</p> <p>11 And I told her it was probably about \$6 million.</p> <p>12 And she then had Sutton to go into her study, the</p> <p>13 back.</p> <p>14 And then when he came out, she</p> <p>15 called myself and my counsel in and said, Look,</p> <p>16 Mr. Sutton is willing to pay \$5.9 million, and I</p> <p>17 would urge you to accept it rather than continue</p> <p>18 to go forward.</p> <p>19 And I said, Fine.</p> <p>20 Q. Can you think of any other non-real</p> <p>21 estate investments similar to the radio station</p> <p>22 that you've been involved in?</p> <p>23 A. Yes, Amsterdam News. I was a</p> <p>24 principal holder of the interest in the Amsterdam</p> <p>25 News. We purchased it. That was Sutton, myself,</p>

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<p style="text-align: right;">30</p> <p>1 John Edmonds</p> <p>2 John Procope, Carl McCall, Clarence Jones, Bill</p> <p>3 Tatum.</p> <p>4 Q. Was the Amsterdam News a partnership</p> <p>5 or an entity?</p> <p>6 A. It was a corporation.</p> <p>7 Q. And so what was your shareholder --</p> <p>8 what was your stock percentage ownership of</p> <p>9 Amsterdam News?</p> <p>10 A. After we got going, Percy wanted</p> <p>11 out, so we bought him out. And we ended up with</p> <p>12 three owners; Edmonds, Tatum and Procope. And I</p> <p>13 would say I owned 40 percent of the company.</p> <p>14 Made me the principal. And we had a shareholders</p> <p>15 agreement.</p> <p>16 Q. Were you the managing shareholder?</p> <p>17 A. I was the chairman of the</p> <p>18 corporation.</p> <p>19 Q. Okay.</p> <p>20 A. This matter was tried once again in</p> <p>21 the Supreme Court in New York County.</p> <p>22 Q. I hate to interrupt, but when you</p> <p>23 say "this matter," was there a lawsuit that was</p> <p>24 brought in connection with Amsterdam News?</p> <p>25 A. Yes, that's correct.</p>	<p style="text-align: right;">32</p> <p>1 John Edmonds</p> <p>2 And this matter was -- went before a</p> <p>3 judge there, who was obviously friendly to them.</p> <p>4 And he made a ruling that -- citing the Agora</p> <p>5 case, if you remember that case. He said, yes,</p> <p>6 you have a right under this ruling.</p> <p>7 And I think the jury went out and</p> <p>8 took about five minutes to come back with an</p> <p>9 award for me of the amounts of monies that Tatum</p> <p>10 had been taking under the table from the company.</p> <p>11 And then the judge said that the</p> <p>12 issue of the control of the corporation is one of</p> <p>13 law. And I decided that, in view of the fact</p> <p>14 that Mr. Tatum has been the editor and the</p> <p>15 managing person there, actively every day, that</p> <p>16 he should continue to own the newspaper.</p> <p>17 Q. So this lawsuit went to trial as</p> <p>18 well?</p> <p>19 A. Yes.</p> <p>20 Q. Did the judge overturn the jury's</p> <p>21 verdict? Is that --</p> <p>22 A. No, he did not. He kept the jury's</p> <p>23 verdict to the extent of the award -- the money</p> <p>24 award. But he took the position that the -- that</p> <p>25 the right to the controlling interest would go to</p>
<p style="text-align: right;">31</p> <p>1 John Edmonds</p> <p>2 Q. Who was the plaintiff in this</p> <p>3 lawsuit?</p> <p>4 A. I was.</p> <p>5 Q. Was there anyone else who was a</p> <p>6 plaintiff with you?</p> <p>7 A. No.</p> <p>8 Q. And who were the defendants in that</p> <p>9 lawsuit?</p> <p>10 A. It was Procope and Tatum.</p> <p>11 Q. Those were the other -- your other</p> <p>12 partners?</p> <p>13 A. Two, yes.</p> <p>14 Q. Did you file the lawsuit on your own</p> <p>15 behalf or did an attorney file it for you?</p> <p>16 A. I was represented by counsel.</p> <p>17 Q. Was this in state court or federal</p> <p>18 court?</p> <p>19 A. State court.</p> <p>20 Q. What was the basis of your lawsuit?</p> <p>21 A. That the -- that the shareholders</p> <p>22 agreement gave me the right to purchase the</p> <p>23 controlling interest of the corporation. And</p> <p>24 Tatum was represented by Victor Kovner at that</p> <p>25 time. Kovner had been a partner of Ed Koch.</p>	<p style="text-align: right;">33</p> <p>1 John Edmonds</p> <p>2 Tatum.</p> <p>3 Q. Are there any other non-real estate</p> <p>4 investments besides the radio station and</p> <p>5 Amsterdam News that you can think of?</p> <p>6 A. None at the moment.</p> <p>7 Q. Are you a partner in any company</p> <p>8 that has served as a vendor for any of the four</p> <p>9 partnerships or buildings in issue in this</p> <p>10 lawsuit?</p> <p>11 A. None that I know of.</p> <p>12 Q. Have you received any money as a</p> <p>13 referral fee from any vendor which has provided</p> <p>14 services to any of the partnerships or buildings</p> <p>15 in this lawsuit?</p> <p>16 A. No. I don't -- I don't deal with --</p> <p>17 if the vendor is a local person from the Harlem</p> <p>18 community, I try to give him as much business as</p> <p>19 I possibly can in whatever situation I find</p> <p>20 myself.</p> <p>21 Q. Can you give me an example of a</p> <p>22 local businessman in Harlem that you've</p> <p>23 recommended to work at the partnerships or at the</p> <p>24 buildings?</p> <p>25 A. Hal Harris is a good example. He</p>

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<p style="text-align: right;">34</p> <p>1 John Edmonds</p> <p>2 lives in -- in Lakeview and he's a licensed real</p> <p>3 estate broker. And he came to me on one occasion</p> <p>4 and said to me that he had an assignment of a</p> <p>5 lease from a hospital which was on the west side</p> <p>6 of Manhattan.</p> <p>7 And he says, You know, your medical</p> <p>8 space here at Lakeview has been vacant for five</p> <p>9 or six years, and I can produce a client for</p> <p>10 this -- for this space.</p> <p>11 And I said, Fine.</p> <p>12 And I signed the agreement because I</p> <p>13 had -- I had spoken to Bob about it and I said --</p> <p>14 and Bob wanted to know what was the deal, who was</p> <p>15 the client, so forth. And I said, Bob, he says</p> <p>16 he can deliver. We got space that's been vacant</p> <p>17 for five or six years. Let's see whether he can</p> <p>18 deliver.</p> <p>19 And the client he had was Mount</p> <p>20 Sinai Hospital. And apparently he did deliver</p> <p>21 Mount Sinai. I don't know whether he -- whether</p> <p>22 he and Bob later changed the deal. Because</p> <p>23 apparently, as I kind of -- looking at it, what</p> <p>24 he did was to assign his contract to Seavey or to</p> <p>25 Fifth and 106th Street associates.</p>	<p style="text-align: right;">36</p> <p>1 John Edmonds</p> <p>2 A. Yes.</p> <p>3 Q. Does he pay rent?</p> <p>4 A. Ask Bob Seavey here. Bob would</p> <p>5 know. I wouldn't.</p> <p>6 Q. Are you --</p> <p>7 A. The last time I saw any</p> <p>8 information --</p> <p>9 MR. HAYWOODE: Lord knows we've sued</p> <p>10 him often enough.</p> <p>11 A. Last time I saw any information, I</p> <p>12 think Hal owed either 38,000 or 138,000,</p> <p>13 something like that, he hasn't paid.</p> <p>14 Q. And your counsel, Mr. Haywoode, said</p> <p>15 Lord knows we've sued him enough.</p> <p>16 Was he referring to you sued him in</p> <p>17 landlord/tenant court for --</p> <p>18 A. Yeah, I remember on one occasion he</p> <p>19 asked me to come to testify in court. Hal has</p> <p>20 some kind of a deal. And I had been in his</p> <p>21 apartment several times. And he has this</p> <p>22 business about -- he's supposed to be very</p> <p>23 religious. So when you come into his apartment,</p> <p>24 he wants you to take off your shoes.</p> <p>25 And he records everything, every</p>
<p style="text-align: right;">35</p> <p>1 John Edmonds</p> <p>2 Q. When you say "he" assigned it,</p> <p>3 you're talking about Hal Harris?</p> <p>4 A. Yes, that's correct.</p> <p>5 Q. And Hal Harris' company is T-wall</p> <p>6 [ph]; is that correct?</p> <p>7 A. He's got a couple of companies. One</p> <p>8 is Win Back [ph]. One is T-wall, the one you</p> <p>9 just mentioned. And then sometimes he operates</p> <p>10 in his own, just as a broker.</p> <p>11 Q. And there's actually a lawsuit</p> <p>12 concerning T-wall suing Fifth and 106th Street --</p> <p>13 A. Yes.</p> <p>14 Q. -- over this payment for this --</p> <p>15 A. That's correct.</p> <p>16 Q. -- contract?</p> <p>17 A. Hal made me understand that he was</p> <p>18 entitled to get from Dalton Management Company, I</p> <p>19 assume, because -- a hundred thousand dollars a</p> <p>20 year after the first two years of this agreement.</p> <p>21 He told me further that the agreement provided</p> <p>22 for -- for Lakeview or Dalton to have \$685,000</p> <p>23 per year for the use of this space.</p> <p>24 Q. Now, you said earlier Hal Harris</p> <p>25 lives at Lakeview; is that correct?</p>	<p style="text-align: right;">37</p> <p>1 John Edmonds</p> <p>2 conversation he has of any kind. He just says,</p> <p>3 I'm so busy, John, that I don't remember, so I</p> <p>4 want to record what we say here.</p> <p>5 And so then he came to me later,</p> <p>6 after that lawsuit, in which, you know, I</p> <p>7 testified that Hal -- he's got the best apartment</p> <p>8 I've seen in the building. What are you talking</p> <p>9 about? Four bedrooms and -- and he's running a</p> <p>10 business out of there and so forth and so on.</p> <p>11 And he's got a front man, I've</p> <p>12 forgotten the guy's name. I don't know whether</p> <p>13 he lives there or not, but I know I got some</p> <p>14 recent correspondence from them in which this guy</p> <p>15 uses the building entrance on Fifth Avenue -- he</p> <p>16 called it Upper Manhattan something, and said</p> <p>17 that his office was located in this suite,</p> <p>18 Suite 2R or 3R, which suite he's talking about is</p> <p>19 Hal's apartment.</p> <p>20 Q. Have you ever shared an office space</p> <p>21 with Hal Harris?</p> <p>22 A. No, none that I know of.</p> <p>23 Q. Has Hal Harris ever paid you any</p> <p>24 income or fee for referring business to him?</p> <p>25 A. No.</p>

10 (Pages 34 to 37)

<p style="text-align: right;">38</p> <p>1 John Edmonds</p> <p>2 Q. So if Hal Harris had told Mr. Seavey</p> <p>3 that he splits commissions with you, he would be</p> <p>4 lying?</p> <p>5 A. That's correct.</p> <p>6 Q. Are there any other local Harlem</p> <p>7 businesses that you can think of that you</p> <p>8 referred business to from the partnerships?</p> <p>9 A. Well at one point, I was insisting</p> <p>10 upon having minority firm as a local minority</p> <p>11 firm in managing the properties. And somehow</p> <p>12 they always would get some conflict with the</p> <p>13 state housing division and they would move them</p> <p>14 off of the site. And I wondered about that, if</p> <p>15 that would happen.</p> <p>16 Q. Are you familiar with the security</p> <p>17 company called Enterprise 9?</p> <p>18 A. I believe that's a company that Mel</p> <p>19 owns.</p> <p>20 Q. Are you a partner in that company?</p> <p>21 A. No, I'm not.</p> <p>22 Q. Have you ever received any money</p> <p>23 from Enterprise 9?</p> <p>24 A. No, not that I know of.</p> <p>25 Q. Did you ever represent to anyone at</p>	<p style="text-align: right;">40</p> <p>1 John Edmonds</p> <p>2 attorneys' fees; is that correct?</p> <p>3 A. That's correct.</p> <p>4 Q. Were you named as a defendant in</p> <p>5 that lawsuit?</p> <p>6 A. I don't know whether I was named as</p> <p>7 a defendant or not, but I do know that -- yes,</p> <p>8 what happened was that Seavey named me as a</p> <p>9 defendant in which he was counterclaiming against</p> <p>10 me for his failure to pay Mel the amounts due</p> <p>11 him.</p> <p>12 Q. So Mr. Haywoode then named</p> <p>13 Mr. Seavey as one of the named defendants, but</p> <p>14 not you; and then Mr. Seavey did a third-party</p> <p>15 complaint against you as a defendant?</p> <p>16 A. Yes.</p> <p>17 Q. Turning to this matter --</p> <p>18 MR. TRAUB: Mark this as Exhibit</p> <p>19 No. 1.</p> <p>20 (Defendants' Exhibit 1, 3/8/07</p> <p>21 Letter to Seavey from Edmonds, marked for</p> <p>22 identification.)</p> <p>23 Q. Mr. Edmonds, you've been handed</p> <p>24 what's been marked as Defendants' Exhibit No. 1,</p> <p>25 Do you recognize this document?</p>
<p style="text-align: right;">39</p> <p>1 John Edmonds</p> <p>2 DHCR or HUD that Enterprise 9 was your company?</p> <p>3 A. No. I might have said that it was</p> <p>4 an associate of mine. And I'm sure if anyone</p> <p>5 there asked me, that's what I said, Oh, yes, it's</p> <p>6 Mel Haywoode's company.</p> <p>7 Q. Did you recommend Enterprise 9 to be</p> <p>8 a vendor for one of the partnerships?</p> <p>9 A. I might have. I don't recall. I</p> <p>10 really don't recall. I know that I always wanted</p> <p>11 Mel. And Mel wanted to handle the</p> <p>12 landlord/tenant matters so I may have</p> <p>13 recommended Enterprise 9 also.</p> <p>14 Q. And so did you recommend</p> <p>15 Mr. Haywoode then to perform landlord/tenant work</p> <p>16 for the partnerships?</p> <p>17 A. Yes.</p> <p>18 Q. And you recommended that to</p> <p>19 Prestige, a former management company at the</p> <p>20 property?</p> <p>21 A. Perhaps to Prestige. And I know I</p> <p>22 recommended it to Bob Seavey.</p> <p>23 Q. In fact at one point, Mr. Haywoode</p> <p>24 actually sued at least one of the partnerships,</p> <p>25 Logan Plaza, claiming RICO violations for unpaid</p>	<p style="text-align: right;">41</p> <p>1 John Edmonds</p> <p>2 A. Yes, it was a letter that I wrote</p> <p>3 Bob.</p> <p>4 Q. And what's the date on the letter?</p> <p>5 A. It's March 8, 2007.</p> <p>6 Q. And if you can read for the record</p> <p>7 the first sentence in your letter.</p> <p>8 A. "Rudy Clark, CPA, has forwarded to</p> <p>9 me a copy of your response dated March 2, 2007,</p> <p>10 in connection with my retention of Mr. Clark in</p> <p>11 his professional capacity to examine the books</p> <p>12 and records of Dalton Management Company, LLC,</p> <p>13 your family-owned management company.</p> <p>14 "In view of the above-cited</p> <p>15 correspondence, I am directing this</p> <p>16 correspondence to you and to Phyllis Seavey,</p> <p>17 Esq., the principal owner of Dalton Management</p> <p>18 Company; Avery Seavey, Esq., a minority owner;</p> <p>19 and Nealle Seavey, Esq., a minority owner; and</p> <p>20 Ron Dawley, the chief executive" --</p> <p>21 I said chief executive officer. I</p> <p>22 now understand that Mr. Dawley considers himself</p> <p>23 the chief operating officer.</p> <p>24 -- "of Dalton Management Company</p> <p>25 Corporation."</p>

11 (Pages 38 to 41)

<p style="text-align: right;">42</p> <p>1 John Edmonds</p> <p>2 Q. Okay. And then your next sentence</p> <p>3 says that you retained Mr. Clark --</p> <p>4 A. "For the precise purpose of</p> <p>5 examining all of the books and records of Dalton</p> <p>6 Management Company as it relates to the above</p> <p>7 property."</p> <p>8 Q. Why did you retain Mr. Clark to</p> <p>9 examine the books and records of Dalton</p> <p>10 Management Company?</p> <p>11 A. Rudy Clark has been my CPA for maybe</p> <p>12 10, 12, 15 years. He originally was here in</p> <p>13 New York City. And as a matter of fact, if my</p> <p>14 recollection is clear, when we were at 5 Beekman</p> <p>15 Street, we rented space to Rudy Clark and to a</p> <p>16 Londell MacMillian, who was a CPA at that time.</p> <p>17 I now understand that he is considered New York's</p> <p>18 top litigator or something to that effect.</p> <p>19 Q. I don't --</p> <p>20 A. So that's the reason I sent the</p> <p>21 correspondence.</p> <p>22 Q. My question was why did you retain</p> <p>23 him for the purpose of examining the books and</p> <p>24 records of Dalton? Was there something that</p> <p>25 triggered your desire for an examination of the</p>	<p style="text-align: right;">44</p> <p>1 John Edmonds</p> <p>2 holding it up?</p> <p>3 And he said to me that he had given</p> <p>4 it to his mother.</p> <p>5 And I said, Well, why would you do</p> <p>6 that?</p> <p>7 He says, Well, that's our way of</p> <p>8 handling matters. My mother is in charge of</p> <p>9 Dalton and so forth and so on.</p> <p>10 And so I said, Okay.</p> <p>11 And I came down to Seavey's office</p> <p>12 and asked to meet with Bob. Phyllis has a habit</p> <p>13 of sitting in the back. Bob's office is like a</p> <p>14 horseshoe. And when you talk to Bob, she</p> <p>15 generally hears everything that you say to him.</p> <p>16 And when I told him that I wanted</p> <p>17 this to be done, I wanted it done immediately, he</p> <p>18 said to me that he would have to discuss it with</p> <p>19 Phyllis. And just at that point, Phyllis came</p> <p>20 forward and said to me, John, darling -- she</p> <p>21 always calls me darling when she's getting ready</p> <p>22 to do you in.</p> <p>23 She says, John, darling, that's not</p> <p>24 the way that we're going to handle this.</p> <p>25 And I said, Phyllis, that's not a</p>
<p style="text-align: right;">43</p> <p>1 John Edmonds</p> <p>2 books and records of Dalton?</p> <p>3 A. Yes.</p> <p>4 Q. And what was that?</p> <p>5 A. I had on the Logan Plaza matter,</p> <p>6 I had gone to Avery Seavey, and I told him that,</p> <p>7 with respect to Logan, since we were the only two</p> <p>8 parties interested, that is the Seaveys and</p> <p>9 Edmonds, each own about 50 percent each, that I</p> <p>10 thought that we should open an account at the</p> <p>11 bank that I did business with, which was Valley</p> <p>12 National Bank.</p> <p>13 And I took Avery there to the bank,</p> <p>14 to the Madison Avenue office at 40th Street,</p> <p>15 that's my principal office, introduced him to the</p> <p>16 officers. And the vice president in charge of</p> <p>17 the office said to me, Mr. Edmonds, you go ahead</p> <p>18 and sign and Mr. Seavey can get this back to us</p> <p>19 as early as he can.</p> <p>20 And I did and gave Avery a document.</p> <p>21 And maybe three, four, five weeks</p> <p>22 later, I called Avery, because I figured that he</p> <p>23 was busy doing other things. And I said, Avery,</p> <p>24 you haven't returned that -- that signature card</p> <p>25 or document to the bank. You know, what's</p>	<p style="text-align: right;">45</p> <p>1 John Edmonds</p> <p>2 determination for you to make; it's a</p> <p>3 determination for the managing partners of the</p> <p>4 property to make. And where's Bob?</p> <p>5 Bob then came out and says to me --</p> <p>6 he says, John, let's not have an extended</p> <p>7 discussion about this today. You -- I'll work it</p> <p>8 out with Phyllis and I'll get back to you.</p> <p>9 And he didn't get back to me. So I</p> <p>10 called him again. And then Bob arranged a</p> <p>11 meeting at a restaurant on 34th Street, a Thai</p> <p>12 restaurant, as I recall, between Park and Lex, on</p> <p>13 the northern side of the street.</p> <p>14 And when I got to the meeting, I was</p> <p>15 surprised, because I thought it was the meeting</p> <p>16 between Bob and myself, that the Singer brothers</p> <p>17 was there. And they -- I said, Gee, I didn't</p> <p>18 know that the Singers were going to be a part of</p> <p>19 this meeting.</p> <p>20 They are the limited partners in the</p> <p>21 Lakeview situation.</p> <p>22 Q. And you understood this meeting to</p> <p>23 discuss opening a bank account about Logan?</p> <p>24 A. Yes.</p> <p>25 The meeting was concluded. And then</p>

12 (Pages 42 to 45)

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<p style="text-align: right;">46</p> <p>1 John Edmonds</p> <p>2 I said to Bob, Look, we need to settle this</p> <p>3 business about the bank account today.</p> <p>4 So he says, Well, let me talk to</p> <p>5 Phyllis further and I'll give you a call.</p> <p>6 I said, Fine.</p> <p>7 I didn't get a call from Bob. So</p> <p>8 one day I came down here and I said, Bob, I want</p> <p>9 to talk to you about this. Bob said to me that</p> <p>10 he was on his way to a meeting and that I could</p> <p>11 discuss it with Phyllis and Avery.</p> <p>12 And I undertake the discussion, and</p> <p>13 Phyllis said to me, John, I've told you, this is</p> <p>14 not the way it's going to be done. Dalton is</p> <p>15 going to manage these accounts. And I've asked</p> <p>16 you not to -- to come in making this demand. And</p> <p>17 as a matter of fact, I want you out of my office.</p> <p>18 By the time, Bob had disappeared.</p> <p>19 And I said, Well, I didn't come to</p> <p>20 see you. I came to see Seavey.</p> <p>21 And she said, Well, Seavey is not</p> <p>22 here. He has a meeting outside the office. And</p> <p>23 I order you out or else I'm going to call</p> <p>24 security.</p> <p>25 Q. When you mean "Seavey," you mean Bob</p>	<p style="text-align: right;">48</p> <p>1 John Edmonds</p> <p>2 said they only own 25 percent of the parcel on</p> <p>3 23rd Street and that would be difficult to</p> <p>4 overturn as a minority holder, but that the</p> <p>5 combination of them and myself come to somewhere</p> <p>6 between 85 and 90 percent of the ownership of</p> <p>7 Lakeview. And I joined with them on that</p> <p>8 occasion.</p> <p>9 And I think the brother said that --</p> <p>10 I said, You know -- and this is going to be</p> <p>11 rough -- this is going to be a tough lawsuit. I</p> <p>12 said, Because Bob doesn't give up very easily.</p> <p>13 And they said to me that -- Well,</p> <p>14 neither do we.</p> <p>15 And then I recall that, at one</p> <p>16 point, Bob had been the senior counsel, I believe</p> <p>17 right here in this building, for the Singers and</p> <p>18 Andrew Cuomo. They had a firm.</p> <p>19 Q. And the purpose of the lawsuit that</p> <p>20 the Singers brought was to force the sale of</p> <p>21 Lakeview, is that correct?</p> <p>22 A. That's correct.</p> <p>23 Q. And you had joined in wanting to</p> <p>24 sell the property at Lakeview?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">47</p> <p>1 John Edmonds</p> <p>2 Seavey, is that correct?</p> <p>3 A. Yes, Bob Seavey.</p> <p>4 Q. And what time was this meeting?</p> <p>5 A. Maybe 2 o'clock in the afternoon.</p> <p>6 Q. I'm sorry, what date? 2006, 2007?</p> <p>7 A. I think this is 2007.</p> <p>8 Q. Okay.</p> <p>9 A. I think it was 2007.</p> <p>10 And so I left. And when I got</p> <p>11 downstairs, I told the -- the security guy</p> <p>12 there -- I said, Look, when Bob comes in here,</p> <p>13 you tell him that I'm not going to come down here</p> <p>14 to be insulted by Phyllis and if he wants to</p> <p>15 discuss anything further with me, then be in</p> <p>16 touch.</p> <p>17 In the meantime, I think the</p> <p>18 Singers -- even earlier the Singers had brought a</p> <p>19 lawsuit against Bob as it related to a parcel</p> <p>20 that they own at 23rd Street -- they're the</p> <p>21 limited, Bob is the general -- and 23rd -- I</p> <p>22 think between First and Second Avenue.</p> <p>23 And they came to me and asked me --</p> <p>24 and said to me that they were going to start a</p> <p>25 lawsuit against Seavey on Lakeview because they</p>	<p style="text-align: right;">49</p> <p>1 John Edmonds</p> <p>2 And then --</p> <p>3 Q. Let me back you up for one second.</p> <p>4 You said that initially you wanted, with respect</p> <p>5 to Logan, to transfer the Logan bank accounts to</p> <p>6 Valley National Bank?</p> <p>7 A. Yes.</p> <p>8 Q. And that the Seaveys refused to</p> <p>9 transfer the bank account to Valley National</p> <p>10 Bank?</p> <p>11 A. That's correct.</p> <p>12 Q. Were you aware of which bank</p> <p>13 account -- I'm sorry, which bank Logan currently</p> <p>14 had accounts at at that time?</p> <p>15 A. Oh, yes, I remember a discussion I</p> <p>16 had with Phyllis about that. The bank that we</p> <p>17 had been was Chase Bank, had been the bank</p> <p>18 that where all these accounts were. And I</p> <p>19 approached Phyllis and I said -- she transferred</p> <p>20 them to the Bank of New York.</p> <p>21 And I said, Why did you transfer</p> <p>22 those -- you know, we were getting good service,</p> <p>23 et cetera.</p> <p>24 She says, For Dalton's convenience,</p> <p>25 John.</p>

13 (Pages 46 to 49)

<p style="text-align: right;">50</p> <p>1 John Edmonds</p> <p>2 So I said, Well, you know, I don't</p> <p>3 approve of that at all and I want you to know</p> <p>4 that.</p> <p>5 Q. Now, you will agree that Logan has a</p> <p>6 management contract with Dalton, is that correct?</p> <p>7 A. That's what they tell me.</p> <p>8 Q. Were you a signator to the contract?</p> <p>9 A. I don't recall whether I was or not.</p> <p>10 I may have been, but I don't really recall.</p> <p>11 Q. Why did you want to move Logan's</p> <p>12 account to Valley National Bank?</p> <p>13 A. Because I wanted to begin to get in</p> <p>14 a position to have more involvement with how our</p> <p>15 monies were being used, either the reserves and</p> <p>16 whatever else. I wanted to be able to keep up</p> <p>17 with that. I wanted to know where that was, and</p> <p>18 so forth and so on.</p> <p>19 Q. Now, the Seaveys offered you the</p> <p>20 opportunity to cosign all checks from Logan,</p> <p>21 didn't they?</p> <p>22 A. I have no recollection of that. The</p> <p>23 only thing I generally receive from Logan and any</p> <p>24 of the other developments is a monthly statement</p> <p>25 that sets forth the amounts collected, the</p>	<p style="text-align: right;">52</p> <p>1 John Edmonds</p> <p>2 relations and bank with the Bank of New York and</p> <p>3 eliminate the Chase account. All monies</p> <p>4 transferred to the Bank of New York was a Logan</p> <p>5 Plaza Management account and its Chase account</p> <p>6 ceased to exist.</p> <p>7 "We suggested that you cosign all</p> <p>8 Logan checks and this would require your weekly</p> <p>9 attendance at the Dalton office. You thought it</p> <p>10 would be sufficient to have all checks xeroxed</p> <p>11 and copies sent to you. I thought this was okay</p> <p>12 and we so did and do, which is not accurate.</p> <p>13 Q. Does that reflect your recollection,</p> <p>14 though that?</p> <p>15 A. That this was the letter, yes.</p> <p>16 Q. -- that Seaveys asked you to</p> <p>17 cosign --</p> <p>18 A. Yes.</p> <p>19 Q. -- on the Logan checks?</p> <p>20 A. Yes.</p> <p>21 Q. And that you said that you didn't</p> <p>22 need to come in and cosign on the checks?</p> <p>23 A. I believe I may have said that,</p> <p>24 Look, if you just send me copies of all the</p> <p>25 checks, that would be sufficient for me.</p>
<p style="text-align: right;">51</p> <p>1 John Edmonds</p> <p>2 amounts -- generally speaking, they do attach the</p> <p>3 checks that relate to the employees and Domestic</p> <p>4 Relations Corp. checks and that kind of thing,</p> <p>5 but the other checks they do not.</p> <p>6 MR. TRAUB: Can I have this marked</p> <p>7 Defendants' Exhibit No. 2, please.</p> <p>8 (Defendants' Exhibit 2, 7/31/06</p> <p>9 Letter to Edmonds from Seavey, marked for</p> <p>10 identification.)</p> <p>11 BY MR. TRAUB:</p> <p>12 Q. Mr. Edmonds, you've just been handed</p> <p>13 Defendants' Exhibit No. 2. Have you ever seen</p> <p>14 this letter before?</p> <p>15 A. Yes. It was sent to me by Phyllis</p> <p>16 in 2006.</p> <p>17 Q. Do you recall receiving this letter?</p> <p>18 A. I don't recall receiving it, but I</p> <p>19 acknowledge that I received it.</p> <p>20 Q. If you look at the last paragraph,</p> <p>21 can you read that paragraph for the record,</p> <p>22 please.</p> <p>23 A. "As for the taking of your money,</p> <p>24 again, be advised that such a thing was never,</p> <p>25 even done. Dalton chose to change its banking</p>	<p style="text-align: right;">53</p> <p>1 John Edmonds</p> <p>2 Q. So turning back your attention to</p> <p>3 Defendants' Exhibit No. 1, you said you had</p> <p>4 retained Mr. Clark for the precise purpose of</p> <p>5 examining all of the books and records of Dalton</p> <p>6 Management as it relates to the above properties.</p> <p>7 Why did Mr. Clark not end up being</p> <p>8 the CPA that you used for the examination?</p> <p>9 A. Mr. Clark's office is now in</p> <p>10 Greensboro, North Carolina, and he obviously has</p> <p>11 many clients. And --</p> <p>12 MR. HAYWOODE: I'm just going to</p> <p>13 note my objection to the question insofar</p> <p>14 as it might call for speculation.</p> <p>15 The witness may respond.</p> <p>16 A. He contacted either Mel or the firm</p> <p>17 that's now doing the examination here in</p> <p>18 Brook -- who have an office in Brooklyn, on</p> <p>19 Utica Avenue, to do the examinations and they're</p> <p>20 undertaken there.</p> <p>21 Q. And the reason you didn't use</p> <p>22 Mr. Clark is because he was in Greensboro, North</p> <p>23 Carolina?</p> <p>24 A. Yes, and not -- you know, just was</p> <p>25 not feasible for him to examine -- be here to</p>

14 (Pages 50 to 53)

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<p style="text-align: right;">54</p> <p>1 John Edmonds</p> <p>2 examine and try to run his business in North</p> <p>3 Carolina.</p> <p>4 Q. Prior to sending this March 8, 2007,</p> <p>5 letter to Robert Seavey, had you discussed with</p> <p>6 Mr. Clark retaining him to examine the books and</p> <p>7 records?</p> <p>8 A. Yes, I probably did discuss it with</p> <p>9 him. And he said to me that, John, it's not</p> <p>10 feasible for me because I have other clients -- a</p> <p>11 lot of clients and I can't come to New York and</p> <p>12 spend, you know, weeks examining books and</p> <p>13 records, et cetera.</p> <p>14 Q. So if he told you that he was in</p> <p>15 Greensboro, North Carolina, which you knew at</p> <p>16 that time and he told you it was not feasible</p> <p>17 for him to do the examination, why did you write</p> <p>18 a letter to the Seaveys telling them that</p> <p>19 Mr. Clark would in fact be doing the examination?</p> <p>20 A. I think I wrote that letter because</p> <p>21 he was my CPA. And at that time, I had no other</p> <p>22 involvement with any other CPA firm. And so I</p> <p>23 wrote that letter to say, look, Rudy is my CPA</p> <p>24 and I'm going to ask him to do this and so on.</p> <p>25 And then I discussed it with him and</p>	<p style="text-align: right;">56</p> <p>1 John Edmonds</p> <p>2 Federal Rule 30, which is what corresponds</p> <p>3 with this deposition. And under Federal</p> <p>4 Rule 30(c)(2), it states, "An objection</p> <p>5 must be stated concisely, in a</p> <p>6 nonargumentative and a nonsuggestive</p> <p>7 manner."</p> <p>8 And I'm taking issue with your</p> <p>9 suggestive comments in your objection. So</p> <p>10 I'll let you do a concise and</p> <p>11 nonargumentative and nonsuggestive</p> <p>12 objection, but that's the basis of the</p> <p>13 extent that I'm going to allow your</p> <p>14 objections.</p> <p>15 MR. HAYWOODE: Counsel, you said, he</p> <p>16 spoke with you, he spoke with you. The</p> <p>17 witness has testified, I spoke with him; I</p> <p>18 spoke with him. Your question suggests,</p> <p>19 again, that he did the one act before</p> <p>20 having spoken with him.</p> <p>21 And I simply said that you should</p> <p>22 lay a foundation for the sequence of these</p> <p>23 conversations. Because you're saying</p> <p>24 something that is unspecified and he's</p> <p>25 answering something which is entirely</p>
<p style="text-align: right;">55</p> <p>1 John Edmonds</p> <p>2 he made it plain that it would be almost</p> <p>3 impossible for him to assume that responsibility.</p> <p>4 Q. I guess I'm confused by your</p> <p>5 testimony. At the time you wrote this letter,</p> <p>6 you had or had not already discussed the</p> <p>7 retention of Mr. Clark with Mr. Clark?</p> <p>8 A. I believe I had discussed the</p> <p>9 retention of Mr. Clark at the time that I wrote</p> <p>10 the letter. I wouldn't have written a letter</p> <p>11 without -- without his having knowledge of the</p> <p>12 fact that -- that I was seeking to use him for</p> <p>13 that purpose.</p> <p>14 Q. Even though Mr. Clark told you he</p> <p>15 was in Greensboro and it would be practically</p> <p>16 impossible for him to come to New York to</p> <p>17 undertake such a large examination, you still</p> <p>18 wrote this letter?</p> <p>19 MR. HAYWOODE: My objection is to</p> <p>20 the form, Counsel, because we don't know</p> <p>21 when which of those informations [sic] was</p> <p>22 provided unless you lay a foundation at the</p> <p>23 time.</p> <p>24 Object to the form.</p> <p>25 MR. TRAUB: I'm going to cite to you</p>	<p style="text-align: right;">57</p> <p>1 John Edmonds</p> <p>2 different.</p> <p>3 MR. TRAUB: I think the record</p> <p>4 speaks for itself, that we actually did</p> <p>5 discuss the precise sequence of</p> <p>6 conversations and events, and that was the</p> <p>7 determination of my prior questions.</p> <p>8 BY MR. TRAUB:</p> <p>9 Q. Mr. Edmonds, if you turn to the</p> <p>10 fourth paragraph down in your March 8, 2007,</p> <p>11 letter, can you please read that statement.</p> <p>12 A. "This examination will be in</p> <p>13 accordance with 28 U.S.C. 1331, the Racketeer</p> <p>14 Influenced and Corrupt Organizations Act (RICO),</p> <p>15 18 U.S.C. 1964(a), personal jurisdiction over the</p> <p>16 named defendants pursuant to U.S.C. 1965."</p> <p>17 Q. Mr. Edmonds, what is your</p> <p>18 understanding as to what a RICO action is?</p> <p>19 MR. HAYWOODE: Objection to the</p> <p>20 relevance of his understanding.</p> <p>21 The witness may answer.</p> <p>22 A. My understanding of it is that it's</p> <p>23 an action brought on behalf of the plaintiff in</p> <p>24 connection with alleged racketeering as it</p> <p>25 relates -- in this instance, as it relates to a</p>

15 (Pages 54 to 57)

<p style="text-align: right;">58</p> <p>1 John Edmonds 2 number of parcels of real property. 3 Q. Do you understand actually, though, 4 what a claim under RICO is? 5 A. I don't know whether I do or not. 6 Q. But yet, you stated in your 7 March 8th letter that this would be in 8 accordance with RICO; is that correct? 9 A. Yes, that's correct. 10 Q. Did you actually look up 28 U.S.C. 11 1330 -- 12 A. I did not, no. 13 Q. Did you look up 18 U.S.C. 1964(a) at 14 the time? 15 A. No, I did not. I believe that the 16 conduct of the Seaveys was such and continues to 17 be such that it fitted the pattern of a RICO 18 action. 19 Q. You say it fit with the pattern of a 20 RICO action. What is your understanding of what 21 a pattern of a RICO action is? 22 A. The pattern is where there is an 23 abuse on the part of a party, in this instance, 24 Dalton, Seavey, Bob Seavey, Phyllis, and the 25 Seavey kids, as it relates to these properties</p>	<p style="text-align: right;">60</p> <p>1 John Edmonds 2 that you were down here. 3 And I said, Fine. 4 Q. When was the last time that you were 5 at DHCR? 6 A. I think that was just before -- that 7 was in 2007. 2007, I think. 2007 or 2008. I 8 don't remember. 9 Q. And who was this quote-unquote young 10 man that you're testifying to? 11 A. I don't know. Fernandez -- I don't 12 know his name. I know that he -- he apparently 13 lives in the East Harlem area, but I don't know 14 his name. But I do know that he's a functionary 15 down there. 16 Q. And that he had lunch with Bob? 17 A. According to him. I don't know that 18 he had lunch with Bob. According to him. 19 Q. Are there any other abuses that you 20 can think of when you used the term "abuse"? 21 A. Well, I think that when you are in a 22 business relationship with a person and you 23 attempt to -- and you go forward -- not attempt, 24 but go forward to secure complete control of the 25 relationship and dominate the placing of monies</p>
<p style="text-align: right;">59</p> <p>1 John Edmonds 2 that I named in the action. I think that their 3 conduct is racketeer influenced. They're looking 4 to skin the cat all for themselves and leave 5 nothing for any partner, including Edmonds. 6 Q. When you say "abuse," please be 7 specific in what you mean by "abuse." 8 A. Well, it's an abuse in terms of how 9 I understand it, for a party to enter into 10 partnerships with another party and then assume 11 complete control and refuse to give accountings 12 for all of the dollars that are received and the 13 use of those dollars. 14 As a matter of fact, sir, the last 15 time I was at DHCR, the young fellow who is the 16 deputy commissioner who -- Lakeview is part of 17 his mission, told me to speak to his counsel when 18 I asked them to give me a record of all of the 19 holdings and the deposits that they cosign on 20 behalf of the partnerships. 21 When I spoke to his counsel, his 22 counsel told me that he would not permit it. And 23 then when I was leaving the building on the 24 elevator, this young fellow said to me, I'm going 25 to have lunch with Bob tomorrow and I'll tell him</p>	<p style="text-align: right;">61</p> <p>1 John Edmonds 2 and determine where the monies should be sent and 3 so forth and so on, that -- that you are 4 committing a quality of abuse that fits 5 criminality. 6 Q. You will agree with me -- strike 7 that. 8 Are you aware that each of the four 9 housing projects at issue -- 10 MR. HAYWOODE: You meant to withdraw 11 something from the record, not strike it? 12 You meant to withdraw -- 13 MR. TRAUB: I'm okay with striking 14 my comment. Same thing. 15 MR. HAYWOODE: Does the federal 16 rules give you the authority to strike 17 something? 18 MR. TRAUB: It's my deposition -- 19 MR. HAYWOODE: So you're going to 20 withdraw it? 21 MR. TRAUB: I'll withdraw the first 22 incorrect part of my sentence, if that 23 makes you happy. 24 MR. HAYWOODE: No, I just want to be 25 sure that you're withdrawing the question.</p>

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<p style="text-align: right;">62</p> <p>1 John Edmonds</p> <p>2 Because we don't have authority to strike</p> <p>3 it.</p> <p>4 MR. TRAUB: It wasn't a question. I</p> <p>5 hadn't finished my question.</p> <p>6 MR. HAYWOODE: Okay.</p> <p>7 BY MR. TRAUB:</p> <p>8 Q. Mr. Edmonds, are you aware that all</p> <p>9 four of the partnership housings are controlled</p> <p>10 in some part by a different federal- or</p> <p>11 state-sponsored housing agency?</p> <p>12 A. Yes.</p> <p>13 Q. For instance, Lakeview is controlled</p> <p>14 by DHCR; is that correct?</p> <p>15 A. DHCR on behalf of the State Urban</p> <p>16 Development Corporation.</p> <p>17 Q. Do you know how Lakeview is</p> <p>18 financed?</p> <p>19 A. Yeah. I believe that it was</p> <p>20 financed by the State Urban Development</p> <p>21 Corporation. And in those years -- now, this is</p> <p>22 some, what, 40 years ago, I think there was a</p> <p>23 provision of that -- of the law at that time that</p> <p>24 permitted the funding of these affordable housing</p> <p>25 developments up to 90 percent.</p>	<p style="text-align: right;">64</p> <p>1 John Edmonds</p> <p>2 that's at 40th Street, I believe, and Third</p> <p>3 Avenue -- I can't think of the name of that</p> <p>4 agency -- that has a role in the -- in the</p> <p>5 regulation. And also, I believe HUD has one.</p> <p>6 I remember that -- I think that this</p> <p>7 lady, Deborah Van, something, Amorgin, was at</p> <p>8 HUD. And I think that basically the federal</p> <p>9 government is responsible for putting these</p> <p>10 monies into various states and state housing</p> <p>11 agencies to be used for affordable housing</p> <p>12 purposes.</p> <p>13 Q. And do you have an understanding as</p> <p>14 to whether or not each of these government</p> <p>15 entities have regulations or rules that govern</p> <p>16 the operation of Lakeview?</p> <p>17 A. Yes, I understand that. And I</p> <p>18 understand also that at one point Seavey's</p> <p>19 nephew was the deputy commissioner for downstate</p> <p>20 New York with the state agency. And I think that</p> <p>21 he had a role in enunciating the policy of DHCR.</p> <p>22 Q. So you're saying that Seavey's</p> <p>23 nephew may have had a role in actually --</p> <p>24 A. Not "may have had." He did have a</p> <p>25 role.</p>
<p style="text-align: right;">63</p> <p>1 John Edmonds</p> <p>2 And I believe that what Bob did here</p> <p>3 was to go to Rubin Glick, who I think we hired at</p> <p>4 that time as the -- as a principal contractor, to</p> <p>5 borrow the funds, 10 percent. And on that basis,</p> <p>6 I think the project was funded. And I believe</p> <p>7 the funding was somewhere between 16 and</p> <p>8 \$20 million that -- at that time.</p> <p>9 Q. Do you know how Lakeview takes in</p> <p>10 money on a daily, weekly or monthly basis?</p> <p>11 A. At one point, the documents that I</p> <p>12 would get from Phyllis on the left-hand column</p> <p>13 would list the amounts taken and deposited, the</p> <p>14 dates of deposit, et cetera. And the other</p> <p>15 column would list the uses of the dollars.</p> <p>16 The most recent thing that I've</p> <p>17 received does not do that. It doesn't give you</p> <p>18 that information. In other words, there's much</p> <p>19 less information given by the most recent</p> <p>20 statements that they've been giving.</p> <p>21 Q. Do you know which entities regulate</p> <p>22 Lakeview?</p> <p>23 A. Yeah, I've said on behalf of -- on</p> <p>24 behalf of the State Urban Development</p> <p>25 Corporation, DHCR. And there's another agency</p>	<p style="text-align: right;">65</p> <p>1 John Edmonds</p> <p>2 Q. He had a role --</p> <p>3 A. Bob arranged for his appointment for</p> <p>4 that purpose through the governor then, Cuomo.</p> <p>5 Q. You're saying Bob's nephew had a</p> <p>6 role in drafting the DHCR regulations?</p> <p>7 A. No, I didn't say that. He had a</p> <p>8 role in implementing them and defining them.</p> <p>9 Q. With respect to Lakeview or with</p> <p>10 respect to all housing projects?</p> <p>11 A. With respect to, I would presume,</p> <p>12 all housing of an affordable nature in the</p> <p>13 downstate area here in New York.</p> <p>14 Q. Do you know how the management fees</p> <p>15 are calculated for Lakeview?</p> <p>16 A. No, I guess Phyllis has -- has a</p> <p>17 system for calculating them. And I think she</p> <p>18 told me she only -- We only -- We only -- We only</p> <p>19 take what they will permit, John. And in fact,</p> <p>20 our fees are only -- management fees are only</p> <p>21 2 1/2 percent.</p> <p>22 Q. Are you aware that --</p> <p>23 MR. HAYWOODE: Just a minute. He</p> <p>24 wasn't exactly finished.</p> <p>25 A. And if you look at -- you know, if</p>

17 (Pages 62 to 65)

<p style="text-align: right;">66</p> <p>1 John Edmonds</p> <p>2 you look at the statements that I've seen at the</p> <p>3 end of the year, you'll see that some 18 or</p> <p>4 20 percent, somewhere between 12 and 20 percent</p> <p>5 will have gone to -- to Dalton Management for</p> <p>6 management purposes. For example, Phyllis' staff</p> <p>7 are all paid by the partnership, not by -- by</p> <p>8 Dalton Management. They get a percentage of</p> <p>9 income --</p> <p>10 Q. Mr. -- I'm going to stop you now --</p> <p>11 MR. HAYWOODE: Wait a second.</p> <p>12 MR. TRAUB: Mr. Haywoode, let me</p> <p>13 finish my interruption.</p> <p>14 BY MR. TRAUB:</p> <p>15 Q. I don't believe you're answering the</p> <p>16 question that I have on the table.</p> <p>17 MR. HAYWOODE: Just a minute. I</p> <p>18 believe the process is to let him answer</p> <p>19 and then move to strike what's not</p> <p>20 relevant.</p> <p>21 MR. TRAUB: Given that I have a time</p> <p>22 constraint today --</p> <p>23 MR. HAYWOODE: To interrupt the</p> <p>24 witness in the middle of a question that</p> <p>25 you asked him?</p>	<p style="text-align: right;">68</p> <p>1 John Edmonds</p> <p>2 where that flat rate is avoided.</p> <p>3 Q. With respect to -- withdrawn.</p> <p>4 When you say there may be some</p> <p>5 device for avoiding that fee, is that what you're</p> <p>6 referring to when you said that some of the</p> <p>7 employees of Dalton are paid directly from the</p> <p>8 partnerships?</p> <p>9 A. All of them.</p> <p>10 Q. All of them are paid directly from</p> <p>11 the partnerships?</p> <p>12 A. Everybody there, as far as I can</p> <p>13 determine, are paid with partnership funds and</p> <p>14 not the management fee of Dalton Management.</p> <p>15 Q. In your view, that's inappropriate?</p> <p>16 A. Yes.</p> <p>17 Q. And in your view, does that breach a</p> <p>18 contractual obligation?</p> <p>19 A. I think it does.</p> <p>20 Q. And which contractual obligation do</p> <p>21 you believe that to breach?</p> <p>22 A. The contractual obligation is that</p> <p>23 the contract would require them to receive X</p> <p>24 dollars for management services. Most of the</p> <p>25 companies that do this kind of business receive</p>
<p style="text-align: right;">67</p> <p>1 John Edmonds</p> <p>2 BY MR. TRAUB:</p> <p>3 Q. Did you understand the question</p> <p>4 that's before you right now?</p> <p>5 A. I thought I did.</p> <p>6 MR. TRAUB: Can the court reporter</p> <p>7 read back the question.</p> <p>8 (Record read.)</p> <p>9 MR. HAYWOODE: Had you finished your</p> <p>10 answer?</p> <p>11 THE WITNESS: Yes.</p> <p>12 MR. HAYWOODE: You were in the midst</p> <p>13 of saying something when Mr. Traub stopped</p> <p>14 you.</p> <p>15 THE WITNESS: No --</p> <p>16 MR. HAYWOODE: Are you finished?</p> <p>17 THE WITNESS: -- I think I've</p> <p>18 completed the answer.</p> <p>19 MR. HAYWOODE: Okay.</p> <p>20 BY MR. TRAUB:</p> <p>21 Q. Are you aware, with respect to</p> <p>22 Lakeview, that DHCR provides a flat rate fee for</p> <p>23 management fees?</p> <p>24 A. I'm aware of the fact that they may</p> <p>25 well do that, but they also provide some device</p>	<p style="text-align: right;">69</p> <p>1 John Edmonds</p> <p>2 something like 6 percent for their fee and</p> <p>3 they're responsible to pay their own employees.</p> <p>4 In this instance, that does not apply.</p> <p>5 Q. And that would be -- and we'll get</p> <p>6 to it a little later.</p> <p>7 That would be the basis for your</p> <p>8 statement in the verified complaint and in your</p> <p>9 affidavit that the -- I want to be precise in my</p> <p>10 quotation here of you -- that "there's no</p> <p>11 provision in the management agreements between</p> <p>12 defendant Dalton and the partnerships to pay the</p> <p>13 salaries of defendant Dalton's employees</p> <p>14 including defendant Dawley, who was paid</p> <p>15 \$140,000"; is that correct?</p> <p>16 A. I know of no provision in the</p> <p>17 management contract that would permit the payment</p> <p>18 of management management fees above and beyond</p> <p>19 what is normal and usual in the in the</p> <p>20 industry. Okay.</p> <p>21 And I repeat, I think for the fourth</p> <p>22 time, that that is not the way in which Dalton</p> <p>23 Management handles that management fees and that</p> <p>24 the employees of Dalton Management are paid by</p> <p>25 the partnership above and beyond any fee that</p>

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<p style="text-align: right;">70</p> <p>1 John Edmonds</p> <p>2 Dalton Management receives.</p> <p>3 Q. In your view, that's incorrect; it</p> <p>4 shouldn't be paid from the partnerships; it</p> <p>5 should be paid by Dalton directly?</p> <p>6 A. Not in my view, but I think it's</p> <p>7 rational. Yes. That's what should be done, yes.</p> <p>8 Incidentally, is Phyllis denying</p> <p>9 that this is the process?</p> <p>10 Q. I'm not here to answer your</p> <p>11 questions. Unfortunately, this is -- I'm taking</p> <p>12 your deposition today.</p> <p>13 A. Okay.</p> <p>14 Q. Are there any other abuses that you</p> <p>15 can think of specifically --</p> <p>16 A. I've said to you over and over</p> <p>17 again, Mr. Traub, today that the system of</p> <p>18 management imposed by the Seaveys in each of the</p> <p>19 projects is a system that is abusive and it's a</p> <p>20 system that should not be and it's a system for</p> <p>21 the kind of racketeering, et cetera, that the</p> <p>22 Seaveys -- that the Seaveys go forward with.</p> <p>23 For instance, Phyllis has all the</p> <p>24 records of all these monies everywhere, okay, and</p> <p>25 my accountants are having a very difficult time</p>	<p style="text-align: right;">72</p> <p>1 John Edmonds</p> <p>2 unfettered, but rather that -- principally Nealle</p> <p>3 sits and tells them what they can have and what</p> <p>4 they can't have.</p> <p>5 MR. HAYWOODE: Indicating the</p> <p>6 defendant Nealle Seavey?</p> <p>7 THE WITNESS: That's correct.</p> <p>8 A. And that does not make it feasible</p> <p>9 for them to go quickly through this examination.</p> <p>10 MR. TRAUB: Can I mark this</p> <p>11 Defendants' Exhibit 3, please.</p> <p>12 (Defendants' Exhibit 3, 3/27/07</p> <p>13 Letter to Seavey from Edmonds, marked for</p> <p>14 identification.)</p> <p>15 Q. Mr. Edmonds, I've given what's been</p> <p>16 marked to you as Defendants' Exhibit No. 3. Do</p> <p>17 you recognize this letter?</p> <p>18 A. Yes.</p> <p>19 Q. Is that your signature at the</p> <p>20 bottom?</p> <p>21 A. Yes.</p> <p>22 Q. And can you please read the very</p> <p>23 first line.</p> <p>24 A. "I have retained the accounting firm</p> <p>25 of Cameron Griffiths & Pryce, CPAs, LLC, to</p>
<p style="text-align: right;">71</p> <p>1 John Edmonds</p> <p>2 getting the kind of information that would give</p> <p>3 us an accurate picture of where the monies are</p> <p>4 and where the reserves are and where the</p> <p>5 investments are.</p> <p>6 Q. Is it your understanding that over</p> <p>7 the last two days, being Wednesday and Thursday,</p> <p>8 that your accountants have been at Dalton</p> <p>9 Management reviewing all of the retainage</p> <p>10 accounts --</p> <p>11 A. My --</p> <p>12 Q. Let me finish my question for the</p> <p>13 record.</p> <p>14 A. Go ahead.</p> <p>15 Q. Thank you.</p> <p>16 -- all of the investment accounts</p> <p>17 and retainage accounts over the last two days?</p> <p>18 A. I don't set their schedule for them.</p> <p>19 Okay. And I don't know whether they're there or</p> <p>20 not. They set their own schedule. So they may</p> <p>21 be there, they may not be there.</p> <p>22 But I do know that they have</p> <p>23 informed me on more than one occasion that on the</p> <p>24 occasions that they're there for the examination</p> <p>25 of books and records, their examination is not</p>	<p style="text-align: right;">73</p> <p>1 John Edmonds</p> <p>2 conduct an examination of the referenced</p> <p>3 properties under the management of Dalton</p> <p>4 Management, LLC."</p> <p>5 Q. And so a second ago when you were</p> <p>6 referring to your accounting firm, is this who</p> <p>7 you were referring to, Cameron Griffiths & Pryce?</p> <p>8 A. That is correct.</p> <p>9 Q. When did you first meet Cameron</p> <p>10 Griffiths & Pryce?</p> <p>11 A. Sometime after I had written --</p> <p>12 sometime in 2007 or 2006.</p> <p>13 Q. Would it be between the time that</p> <p>14 you wrote Defendants' Exhibit No. 1 and</p> <p>15 Defendants' Exhibit No. 3?</p> <p>16 A. Yes.</p> <p>17 MR. HAYWOODE: My objection is</p> <p>18 that's already in the record from the</p> <p>19 previous testimony, but the witness has</p> <p>20 answered again.</p> <p>21 BY MR. TRAUB:</p> <p>22 Q. I'm sorry, I missed your answer,</p> <p>23 Mr. Edmonds.</p> <p>24 MR. HAYWOODE: He said yes.</p> <p>25 Q. Mr. Edmonds, you said yes, between</p>

19 (Pages 70 to 73)

<p style="text-align: right;">74</p> <p>1 John Edmonds</p> <p>2 the time that you wrote those two?</p> <p>3 A. Yes.</p> <p>4 Q. And how did you locate Cameron</p> <p>5 Griffiths & Pryce?</p> <p>6 MR. HAYWOODE: Objection to the</p> <p>7 relevance.</p> <p>8 The witness may answer.</p> <p>9 A. I located them -- I believe I might</p> <p>10 have had asked Mel if he knew of any accountants</p> <p>11 that did this quality -- this kind of auditing</p> <p>12 work. And Mel I think said he did. He had in</p> <p>13 mind another gentleman, and this person told Mel</p> <p>14 that he was actually too busy to take on that</p> <p>15 kind of an assignment, but that he was aware of a</p> <p>16 group of CPAs who could undertake this</p> <p>17 assignment. And he had reference to the Cameron</p> <p>18 group.</p> <p>19 Q. When you say "this assignment," can</p> <p>20 you tell me what the scope of the assignment is.</p> <p>21 A. The scope of the assignment is to</p> <p>22 examine the books and records over -- over the</p> <p>23 last ten years going all the way back to my</p> <p>24 guess, 2000.</p> <p>25 Q. And at the time that you had</p>	<p style="text-align: right;">76</p> <p>1 John Edmonds</p> <p>2 respond -- if it is your view that you've been</p> <p>3 libeled, I invite you to respond in the usual</p> <p>4 counterclaim and say what fees you might have to</p> <p>5 pay in any state court action."</p> <p>6 Q. When you say "you will be served by</p> <p>7 counsel forthwith," will be served with what?</p> <p>8 A. Obviously a summons and complaint.</p> <p>9 Q. In a RICO action?</p> <p>10 A. Yes.</p> <p>11 Q. So at the time then that you did</p> <p>12 retain Cameron Griffiths & Pryce, the date after</p> <p>13 you said you wrote this first letter, you were</p> <p>14 already anticipating filing a RICO action?</p> <p>15 A. That is correct.</p> <p>16 Q. Regardless of what Cameron</p> <p>17 Griffiths & Pryce found in their audit?</p> <p>18 MR. HAYWOODE: Objection.</p> <p>19 Argumentative.</p> <p>20 A. I knew that their audit -- assuming</p> <p>21 that the books and records would be made</p> <p>22 available to them, their audit would -- would</p> <p>23 come up with -- with a consistent number of just</p> <p>24 abuses that Seaveys committed as managing</p> <p>25 managers and controllers of the property.</p>
<p style="text-align: right;">75</p> <p>1 John Edmonds</p> <p>2 retained Cameron Griffiths & Pryce, were you</p> <p>3 already seeking to file a RICO action against the</p> <p>4 defendants?</p> <p>5 A. -- Yes, that was the --</p> <p>6 MR. HAYWOODE: Objection to so much</p> <p>7 of that as might call for attorney-client</p> <p>8 privilege of some attorney or other.</p> <p>9 Q. Well, let's go back to Defendants'</p> <p>10 Exhibit No. 1, please. If you look at the last</p> <p>11 paragraph, last full paragraph, not the one that</p> <p>12 says, "I should be happy to address this issue,"</p> <p>13 but the one above that. Can you please read that</p> <p>14 for the record.</p> <p>15 A. Which --</p> <p>16 Q. Defendants' Exhibit No. 1, your</p> <p>17 March 8, 2007, letter.</p> <p>18 A. Which paragraph?</p> <p>19 Q. The second-to-last paragraph, the</p> <p>20 one that begins, "I anticipate."</p> <p>21 A. "I anticipate that you, Dalton</p> <p>22 Management and the owners thereof, will be served</p> <p>23 by my counsel forthwith. Upon that service, it</p> <p>24 is your view that you have -- it is your view</p> <p>25 that you have been libeled. I invite you to</p>	<p style="text-align: right;">77</p> <p>1 John Edmonds</p> <p>2 Q. When you say you knew that why did</p> <p>3 you know that? What is the basis of your</p> <p>4 knowledge?</p> <p>5 A. Oh, all of the -- the exchanges that</p> <p>6 I had with Bob and Phyllis through -- through an</p> <p>7 extended period.</p> <p>8 Q. And I guess I'm a little lost.</p> <p>9 Based on your exchanges with Bob and Phyllis,</p> <p>10 what did you know --</p> <p>11 MR. HAYWOODE: I'm going to object</p> <p>12 to counsel being lost, but -- please, can</p> <p>13 you restate the question.</p> <p>14 Q. I'm okay with my question. You can</p> <p>15 answer if you understood it.</p> <p>16 A. No, I really don't understand why</p> <p>17 you continue to repeat this. I made my position</p> <p>18 very clear here. I've said to you over and over</p> <p>19 again, and I repeat, the Seaveys have abused and</p> <p>20 taken advantage of the other managing general</p> <p>21 partner of these properties that have been</p> <p>22 identified in these letters. Okay. And that's</p> <p>23 John Edmonds.</p> <p>24 And John Edmonds is now moving,</p> <p>25 through counsel, to correct that. And I intend</p>

20 (Pages 74 to 77)

<p style="text-align: right;">78</p> <p>1 John Edmonds</p> <p>2 to do whatever I have to do to correct it in</p> <p>3 terms of lawsuits. I am prepared to go to my</p> <p>4 grave fighting Robert Seavey and his abuse. He</p> <p>5 and I both will go to the grave.</p> <p>6 Q. Mr. Edmonds, let me -- maybe I'll</p> <p>7 rephrase the question for you.</p> <p>8 I had asked you whether or not</p> <p>9 depending on the outcome -- whether or not your</p> <p>10 filing of a RICO action depended upon the outcome</p> <p>11 of Cameron Griffiths & Pryce's audit. And you</p> <p>12 said you knew that the Cameron Griffiths & Pryce</p> <p>13 audit would find irregularities.</p> <p>14 And my question to you is, what</p> <p>15 irregularities did you know of at that time?</p> <p>16 MR. HAYWOODE: Objection to the form</p> <p>17 of the question.</p> <p>18 There were letters to Pryce</p> <p>19 Cameron and Griffiths --</p> <p>20 MR. TRAUB: Mr. Haywoode, your</p> <p>21 objection is now going beyond what is</p> <p>22 allowed for under federal rules. Your</p> <p>23 objection is noted.</p> <p>24 BY MR. TRAUB:</p> <p>25 Q. You can answer the question.</p>	<p style="text-align: right;">80</p> <p>1 John Edmonds</p> <p>2 Q. But my question is, what</p> <p>3 irregularities in accounting did you have</p> <p>4 knowledge of at that time?</p> <p>5 A. I'm not an accountant. And I would</p> <p>6 not know of what irregularities. That's the</p> <p>7 reason I retained those accountants.</p> <p>8 Q. You said you knew there were</p> <p>9 irregularities.</p> <p>10 A. I knew there were irregularities,</p> <p>11 but the nature of the irregularities and how they</p> <p>12 were being handled, I didn't know. So that's the</p> <p>13 reason I went and got the accountants.</p> <p>14 Q. Did you know of any specific</p> <p>15 irregularities at that time?</p> <p>16 MR. HAYWOODE: Counsel, at this</p> <p>17 point, I object. There is an element of</p> <p>18 badgering the witness. The irregularities</p> <p>19 are in the complaint. I mean, again, I</p> <p>20 don't see the purpose of asking him for a</p> <p>21 restatement of what he knew before the</p> <p>22 complaint. Again, it's argumentative.</p> <p>23 It's badgering the witness.</p> <p>24 Q. Mr. Edmonds, did you have any</p> <p>25 specific knowledge of any irregularities before</p>
<p style="text-align: right;">79</p> <p>1 John Edmonds</p> <p>2 MR. HAYWOODE: Just so we're clear,</p> <p>3 litigation followed the CPA inquiry. So</p> <p>4 you're putting a hypothetical question.</p> <p>5 MR. TRAUB: Mr. Haywoode, again,</p> <p>6 your objection goes beyond what is called</p> <p>7 for under federal rules. Your objection is</p> <p>8 noted on the record. Mr. Edmonds --</p> <p>9 MR. HAYWOODE: My objection is it's</p> <p>10 hypothetical and the witness can answer the</p> <p>11 question.</p> <p>12 Q. You cannot direct --</p> <p>13 MR. HAYWOODE: -- if he understands</p> <p>14 it.</p> <p>15 A. I retained them because I knew that</p> <p>16 these abuses existed.</p> <p>17 Q. And my question is, what abuses did</p> <p>18 you know of?</p> <p>19 A. I knew of the management abuses. I</p> <p>20 just answered that several times.</p> <p>21 Q. No, you --</p> <p>22 A. Yes, I did. I told you that I knew</p> <p>23 that the abuses existed based upon the kind of</p> <p>24 responses that I was getting from Seavey and from</p> <p>25 Phyllis.</p>	<p style="text-align: right;">81</p> <p>1 John Edmonds</p> <p>2 Cameron Griffiths & Pryce did their audit?</p> <p>3 A. I told you yes, I did.</p> <p>4 Q. And which --</p> <p>5 A. The specific irregularities was the</p> <p>6 process by which her staff is paid. That's one</p> <p>7 specific irregularity.</p> <p>8 Q. By "she" are you referring to --</p> <p>9 MR. HAYWOODE: Indicating the</p> <p>10 defendant Phyllis Seavey.</p> <p>11 MR. TRAUB: Mr. Haywoode, again,</p> <p>12 this is not your deposition today, so I'd</p> <p>13 ask you not to testify.</p> <p>14 Q. Are you referring to her being</p> <p>15 Mrs. Seavey?</p> <p>16 A. Yes.</p> <p>17 Q. So the way that her staff was</p> <p>18 paid out of the partnerships is one of the</p> <p>19 specific irregularities that you knew of?</p> <p>20 A. That's right.</p> <p>21 Q. Okay. Have you used Cameron</p> <p>22 Griffiths & Pryce on any other real estate</p> <p>23 multifamily housing projects?</p> <p>24 A. No.</p> <p>25 Q. Have you used Cameron Griffiths &</p>

21 (Pages 78 to 81)

<p style="text-align: right;">82</p> <p>1 John Edmonds</p> <p>2 Pryce at all before this audit?</p> <p>3 A. No.</p> <p>4 Q. How much were you paying Cameron</p> <p>5 Griffiths & Pryce for their audit?</p> <p>6 MR. HAYWOODE: Objection.</p> <p>7 A. I paid them whatever the fees are</p> <p>8 that they charge.</p> <p>9 Q. And what are those fees?</p> <p>10 MR. HAYWOODE: Objection.</p> <p>11 We're getting into an area here of</p> <p>12 confidentiality. As to how much the</p> <p>13 accountants are being paid?</p> <p>14 MR. TRAUB: Absolutely.</p> <p>15 MR. HAYWOODE: What's the relevance</p> <p>16 of that to this inquiry?</p> <p>17 MR. TRAUB: Are you instructing him</p> <p>18 not to answer the question?</p> <p>19 MR. HAYWOODE: I have to instruct</p> <p>20 him at this point not to answer that, yes.</p> <p>21 MR. TRAUB: I'll give you one chance</p> <p>22 to withdraw your objection, for two</p> <p>23 reasons.</p> <p>24 MR. HAYWOODE: Am I under threat</p> <p>25 here?</p>	<p style="text-align: right;">84</p> <p>1 John Edmonds</p> <p>2 And so, again --</p> <p>3 THE WITNESS: Bob ought to know all</p> <p>4 about that because the firm who's -- who he</p> <p>5 has retained through the years have blown</p> <p>6 their independence a thousand times</p> <p>7 already.</p> <p>8 MR. TRAUB: Again --</p> <p>9 MR. KELLY: Let me also add that if</p> <p>10 Cameron Griffiths & Pryce are fact</p> <p>11 witnesses, and that if they're being paid</p> <p>12 by a party for any purpose, that should be</p> <p>13 disclosed, if asked, and it's relevant that</p> <p>14 way.</p> <p>15 MR. HAYWOODE: A fact witness?</p> <p>16 MR. TRAUB: If you're not using them</p> <p>17 as an expert witness, then you're using</p> <p>18 them as a fact witness.</p> <p>19 BY MR. TRAUB:</p> <p>20 Q. And so again I'll ask you one more</p> <p>21 time on the record, in light of all of the</p> <p>22 statements, how much have you paid Cameron</p> <p>23 Griffiths & Pryce?</p> <p>24 MR. HAYWOODE: No determination has</p> <p>25 been made as to who will testify as an</p>
<p style="text-align: right;">83</p> <p>1 John Edmonds</p> <p>2 MR. TRAUB: No, I'm giving you a</p> <p>3 chance to withdraw your objection.</p> <p>4 Number 1, it's relevant if you're</p> <p>5 going to use them as an expert witness on</p> <p>6 accounting.</p> <p>7 MR. HAYWOODE: We haven't indicated</p> <p>8 their use as an expert witness.</p> <p>9 MR. TRAUB: And number 2 --</p> <p>10 MR. HAYWOODE: Just a minute.</p> <p>11 I haven't indicated their use as an</p> <p>12 expert witness. I have not even specified</p> <p>13 any particular accountant as an expert</p> <p>14 witness.</p> <p>15 I think I've informed you, Darren,</p> <p>16 that there are several accountants who may</p> <p>17 be becoming interested in this matter. I</p> <p>18 haven't designated anybody as an expert</p> <p>19 witness.</p> <p>20 MR. TRAUB: As you've also made</p> <p>21 clear throughout your pleadings and your</p> <p>22 depositions, that an accountant's</p> <p>23 independent auditing which can be</p> <p>24 influenced by payment is an issue when</p> <p>25 relying on an accountant and an auditor.</p>	<p style="text-align: right;">85</p> <p>1 John Edmonds</p> <p>2 expert. No designation has been made of</p> <p>3 any fact witness as opposed to an expert</p> <p>4 witness. They have done what they are</p> <p>5 attempting to do. And from the records,</p> <p>6 they haven't been terribly successful with</p> <p>7 getting the information they were asked to</p> <p>8 get.</p> <p>9 MR. KELLY: Actually, they have</p> <p>10 testified already in this case when you</p> <p>11 submitted affidavits by Mr. Cameron, which</p> <p>12 makes them a fact witness in this case.</p> <p>13 You submitted the affidavit in connection</p> <p>14 with the order to show cause. You</p> <p>15 submitted the affidavit again in connection</p> <p>16 with the opposition to the motion to</p> <p>17 dismiss.</p> <p>18 They are witnesses in this case.</p> <p>19 We're entitled to find out how much they've</p> <p>20 been paid by a party in this case.</p> <p>21 MR. HAYWOODE: My objection to this</p> <p>22 question at this point, Cameron Griffiths &</p> <p>23 Pryce are going to be examined, you better</p> <p>24 put that question to them.</p> <p>25</p>

22 (Pages 82 to 85)

<p style="text-align: right;">86</p> <p>1 John Edmonds</p> <p>2 BY MR. TRAUB:</p> <p>3 Q. My question, Mr. Edmonds, to you is,</p> <p>4 how much have you paid Cameron Griffiths & Pryce?</p> <p>5 My question to Cameron Griffiths & Pryce will be</p> <p>6 how much have they received. This is your --</p> <p>7 A. My answer to that question is that</p> <p>8 I'm paying them as -- as they proceed in</p> <p>9 accordance with their requirements.</p> <p>10 Q. Do you know how much you have paid</p> <p>11 them?</p> <p>12 A. As of this time?</p> <p>13 Q. As of this time.</p> <p>14 A. I don't.</p> <p>15 Q. Have you paid them more than a</p> <p>16 hundred thousand dollars?</p> <p>17 A. Yes.</p> <p>18 Q. Have you paid them more than</p> <p>19 \$500,000?</p> <p>20 A. No.</p> <p>21 Q. Have you paid them more than</p> <p>22 \$250,000?</p> <p>23 A. No.</p> <p>24 Q. More than \$200,000?</p> <p>25 A. I don't know.</p>	<p style="text-align: right;">88</p> <p>1 John Edmonds</p> <p>2 A. I've testified to that already.</p> <p>3 Q. My question was, did you tell</p> <p>4 Cameron Griffiths & Pryce of any of the abuses</p> <p>5 that you --</p> <p>6 A. I testified to that already. I</p> <p>7 said -- I told you that I told them that one of</p> <p>8 the abuses that I was aware of was the business</p> <p>9 of putting Dalton's management people on the</p> <p>10 payroll of the partnerships rather than on the</p> <p>11 payroll of the management company.</p> <p>12 Q. Did you tell them of any other</p> <p>13 abuses that you suspected?</p> <p>14 A. No, I told them in general terms</p> <p>15 that, as they went through these records, I was</p> <p>16 sure that they would find a substantial number of</p> <p>17 abuses.</p> <p>18 Q. What is your understanding of</p> <p>19 Cameron Griffiths & Pryce's credentials with</p> <p>20 respect to audits and forensic accounting of</p> <p>21 government-subsidized multifamily housing</p> <p>22 projects?</p> <p>23 MR. HAYWOODE: Objection to his</p> <p>24 understanding. It calls for speculation.</p> <p>25 MR. TRAUB: His understanding calls</p>
<p style="text-align: right;">87</p> <p>1 John Edmonds</p> <p>2 Q. So it's more than \$100,000 and less</p> <p>3 than \$250,000?</p> <p>4 A. Yes.</p> <p>5 Q. Do you know the specific number that</p> <p>6 you've paid them?</p> <p>7 A. No, I do not.</p> <p>8 Q. When you retained Cameron</p> <p>9 Griffiths & Pryce, what did you tell them the</p> <p>10 scope of the project was?</p> <p>11 A. I told them, as I've outlined in</p> <p>12 these letters, that it would be a RICO</p> <p>13 examination and I was looking for them to examine</p> <p>14 the books, records, et cetera of Dalton and the</p> <p>15 conduct of Seavey, Phyllis and Avery and Neale,</p> <p>16 over the last ten year period.</p> <p>17 Q. Did you give them any specific</p> <p>18 instruction as to what they should be looking</p> <p>19 for?</p> <p>20 A. No, just go through the books and</p> <p>21 records. I said to them, You go through the</p> <p>22 books and records and I'm sure you're going to</p> <p>23 find these abuses.</p> <p>24 Q. Did you tell them of any abuses that</p> <p>25 you suspected at that time?</p>	<p style="text-align: right;">89</p> <p>1 John Edmonds</p> <p>2 for speculation, Mel?</p> <p>3 MR. HAYWOODE: His understanding of</p> <p>4 their --</p> <p>5 MR. TRAUB: I want to know what his</p> <p>6 understanding is. I'm not asking him to</p> <p>7 speculate. I'm asking if he --</p> <p>8 MR. HAYWOODE: His understanding of</p> <p>9 what?</p> <p>10 MR. TRAUB: Can you repeat the</p> <p>11 question.</p> <p>12 (Record read.)</p> <p>13 MR. TRAUB: Of government-subsidized</p> <p>14 multifamily housing projects.</p> <p>15 A. I've been given to understand that</p> <p>16 they have substantial experience in this area.</p> <p>17 As a matter of fact, I believe that the young</p> <p>18 lady, Miss Pryce -- Miss Griffith owns it --</p> <p>19 Miss Pryce -- Miss Griffith was an auditor -- I</p> <p>20 believe an auditor for DHCR, retained -- they</p> <p>21 would retain her to examine the books and records</p> <p>22 of affordable housing companies. That's what</p> <p>23 I -- you know -- and that they have -- as a team,</p> <p>24 they have this background experience.</p> <p>25 Q. What is the source of your</p>

23 (Pages 86 to 89)

<p style="text-align: right;">90</p> <p>1 John Edmonds</p> <p>2 understanding?</p> <p>3 A. The source of my understanding is</p> <p>4 information that they gave me with respect to</p> <p>5 their backgrounds as I discussed it.</p> <p>6 Q. Did they actually give you a</p> <p>7 physical document on their backgrounds?</p> <p>8 A. No, just a -- just a discussion back</p> <p>9 and forth in their offices.</p> <p>10 Q. When you were looking to retain</p> <p>11 them?</p> <p>12 A. Yes.</p> <p>13 Q. Can you name any other multifamily</p> <p>14 real estate properties for which they are the</p> <p>15 accountants for?</p> <p>16 A. No, I cannot.</p> <p>17 THE REPORTER: Do you think we can</p> <p>18 take a break?</p> <p>19 MR. TRAUB: It's 12 o'clock now. Do</p> <p>20 you want to take a one-hour lunch break at</p> <p>21 this point?</p> <p>22 MR. KELLY: Let's take a five-minute</p> <p>23 break.</p> <p>24 MR. TRAUB: That's perfect.</p> <p>25 (Recess from the record.)</p>	<p style="text-align: right;">92</p> <p>1 John Edmonds</p> <p>2 A. I don't think -- other than oral</p> <p>3 discussions had with Cameron Griffiths & Pryce at</p> <p>4 their office, I don't think I've gotten anything</p> <p>5 else.</p> <p>6 One of the things that they report</p> <p>7 to me at all times is that -- that the documents</p> <p>8 that they asked for, they had great difficulty in</p> <p>9 getting them and that not more than 40 to</p> <p>10 60 percent of them had been responded to.</p> <p>11 Q. My question was, was this the last</p> <p>12 written or the only written document that</p> <p>13 you've received that constitutes --</p> <p>14 A. As long as -- yeah, I don't recall</p> <p>15 receiving any other document.</p> <p>16 Q. You testified there were oral</p> <p>17 discussions that you also had with Cameron</p> <p>18 Griffiths & Pryce.</p> <p>19 A. Yes, I just stated that.</p> <p>20 Q. Were the oral discussions after you</p> <p>21 received this document or before this document?</p> <p>22 A. After. We've had several</p> <p>23 meetings --</p> <p>24 Q. Okay.</p> <p>25 A. -- at their office.</p>
<p style="text-align: right;">91</p> <p>1 John Edmonds</p> <p>2 MR. TRAUB: Can I get you to mark</p> <p>3 this Defendants' Exhibit No. 4.</p> <p>4 (Defendants' Exhibit 4, 12/12/07</p> <p>5 Cameron, Griffiths & Pryce letter</p> <p>6 attaching their report, marked for</p> <p>7 identification.)</p> <p>8 BY MR. TRAUB:</p> <p>9 Q. Mr. Edmonds, I've just handed you</p> <p>10 what's been given to you as Defendants' Exhibit</p> <p>11 No. 4. Do you recognize this document?</p> <p>12 A. Yeah.</p> <p>13 Q. What is this document?</p> <p>14 A. It's a letter to me from Cameron</p> <p>15 Griffiths & Pryce.</p> <p>16 Q. And did you receive this document?</p> <p>17 A. Yes.</p> <p>18 Q. And when did you receive this</p> <p>19 document?</p> <p>20 A. Well, I guess at or about the time that</p> <p>21 or about the date as set forth here, 12/12/2007.</p> <p>22 Q. Did you receive any other reports or</p> <p>23 summaries from Cameron Griffiths & Pryce</p> <p>24 regarding their audit of the books and records of</p> <p>25 the partnership?</p>	<p style="text-align: right;">93</p> <p>1 John Edmonds</p> <p>2 Q. Did your oral discussions result in</p> <p>3 any modification in any way of the information</p> <p>4 contained in that report?</p> <p>5 A. As far as I know, no.</p> <p>6 Q. So this report then constitutes</p> <p>7 the findings of Cameron Griffiths & Pryce as of</p> <p>8 today?</p> <p>9 MR. HAYWOODE: I'm going to object</p> <p>10 to this question because you're suggesting</p> <p>11 categories, of this witness, of something</p> <p>12 that he could not possibly know. You know,</p> <p>13 Cameron & Griffith, as we speak, are</p> <p>14 looking at records pursuant to our --</p> <p>15 MR. TRAUB: Mr. Haywoode, I'm going</p> <p>16 to remind you once again of your</p> <p>17 limitations on what you're allowed to</p> <p>18 object to under Federal Rule 30. You can</p> <p>19 give a short, concise, nonargumentative and</p> <p>20 nonsuggestive objection.</p> <p>21 MR. HAYWOODE: I'm going to follow</p> <p>22 your example from the last deposition at</p> <p>23 which you set the record straight. And as</p> <p>24 we speak, they're looking at information.</p> <p>25 So the form of the question, how can we say</p>

24 (Pages 90 to 93)

<p style="text-align: right;">94</p> <p>1 John Edmonds</p> <p>2 that that's the end? They're still engaged</p> <p>3 in the process.</p> <p>4 MR. TRAUB: Can you please read back</p> <p>5 my question.</p> <p>6 (Record read.)</p> <p>7 A. The answer is no.</p> <p>8 Q. No, you've received another --</p> <p>9 A. I've said to you that I've had</p> <p>10 several meetings with them as they go through the</p> <p>11 auditing process at their office in which we</p> <p>12 discuss what progress they've made and what</p> <p>13 difficulties they're having in getting</p> <p>14 information.</p> <p>15 Q. And I asked you whether or not any</p> <p>16 of those discussions resulted in any modification</p> <p>17 of this report and you said no; is that --</p> <p>18 A. That's correct.</p> <p>19 Q. Okay. So other than being advised</p> <p>20 that they were having problems receiving certain</p> <p>21 documents --</p> <p>22 A. Difficulties.</p> <p>23 Q. -- difficulties receiving certain</p> <p>24 documents, have they ever shared findings with</p> <p>25 you other than as contained in that report?</p>	<p style="text-align: right;">96</p> <p>1 John Edmonds</p> <p>2 including what's in the order to show</p> <p>3 cause, is letters requesting documents and</p> <p>4 items, an affidavit from Cameron orally</p> <p>5 saying that he didn't get all the documents</p> <p>6 and items that were requested in his</p> <p>7 letters in this report.</p> <p>8 We've not received any other</p> <p>9 information that constitutes a finding or</p> <p>10 conclusion so far based on their audit.</p> <p>11 Are you --</p> <p>12 MR. HAYWOODE: The audit -- I would</p> <p>13 object to any characterization of anything</p> <p>14 they've said as a finding and conclusion</p> <p>15 because they haven't seen everything. They</p> <p>16 say that consistently. They say, We</p> <p>17 haven't been able to --</p> <p>18 MR. TRAUB: My role here today and</p> <p>19 your role is not to argue with each other.</p> <p>20 MR. HAYWOODE: Darren, you know I</p> <p>21 wouldn't do that.</p> <p>22 MR. TRAUB: I know.</p> <p>23 MR. HAYWOODE: I just want to say</p> <p>24 the question, the form, findings and</p> <p>25 conclusions, there's no conclusion here.</p>
<p style="text-align: right;">95</p> <p>1 John Edmonds</p> <p>2 A. Orally, they've informed me of what</p> <p>3 those findings were to date. If you take a look</p> <p>4 at this, this is only one year. This is only</p> <p>5 2006 they're talking about.</p> <p>6 Q. So what else have they advised you</p> <p>7 of that they found other than as contained in</p> <p>8 this report?</p> <p>9 MR. HAYWOODE: Just a second.</p> <p>10 Let the record show that I have</p> <p>11 provided to counsel all the reports and</p> <p>12 documents in my possession from Cameron</p> <p>13 Pryce and Griffith. They certainly go</p> <p>14 beyond this.</p> <p>15 MR. TRAUB: Actually, they don't,</p> <p>16 Mel. It was this and it was five or six</p> <p>17 letters requesting documents and items.</p> <p>18 That was all --</p> <p>19 MR. HAYWOODE: And the information</p> <p>20 in the order to show cause, a complete set</p> <p>21 of the letters that Cameron and Pryce --</p> <p>22 MR. TRAUB: And again, it may be</p> <p>23 you're misunderstanding; maybe it's me</p> <p>24 that's misunderstanding.</p> <p>25 What we've been provided with,</p>	<p style="text-align: right;">97</p> <p>1 John Edmonds</p> <p>2 BY MR. TRAUB:</p> <p>3 Q. Have they shared with you any other</p> <p>4 findings other than as contained in their report</p> <p>5 that's been marked as Exhibit No. 4?</p> <p>6 A. Orally, we've had discussions in</p> <p>7 their office as to -- as to what progress they're</p> <p>8 making in the examination of the books and</p> <p>9 records.</p> <p>10 Q. Other than them telling you that</p> <p>11 they are having, to use your term, "difficulties"</p> <p>12 finding or obtaining documents, have they told</p> <p>13 you that they have found any other issues with</p> <p>14 regards to the audit and accounting?</p> <p>15 A. Yeah, they discussed those issues</p> <p>16 with me orally.</p> <p>17 Q. And what were those issues that they</p> <p>18 discussed with you?</p> <p>19 A. Essentially, the refusal of the</p> <p>20 Seaveys to provide them with critical information</p> <p>21 in order that they might complete the other years</p> <p>22 going 2005, 44 and so forth and so on.</p> <p>23 Q. Anything else shared with you in</p> <p>24 those oral discussions?</p> <p>25 A. I can't think of anything else.</p>

25 (Pages 94 to 97)